QUARTERLY FINANCIAL REPORT

PGE Polska Grupa Energetyczna S.A.
for the period of 3 months

ended 31 March 2024

in accordance with EU-IFRS (in PLN million)

Prowadzimy w zielonej zmianie

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 31 March 2024 *(unaudited)*	Period ended 31 March 2023 *(unaudited)*
SALES REVENUE	*6.1*	**16,841**	**27,208**
Cost of goods sold	*6.2*	(15,195)	(21,638)
GROSS PROFIT ON SALES		**1,646**	**5,570**
Distribution and selling expenses	*6.2*	(291)	(2,687)
General and administrative expenses	*6.2*	(448)	(322)
Net other operating income/(expenses)	*6.4*	501	(218)
OPERATING PROFIT		**1,408**	**2,343**
Net finance income/(costs), including:	*6.5*	(228)	18
Interest income calculated using the effective interest rate method		*74*	*184*
Share of (loss) of entities accounted for under the equity method	*6.6*	(15)	-
GROSS PROFIT		**1,165**	**2,361**
Income tax expense	*8*	(214)	(550)
NET PROFIT FOR REPORTING PERIOD		**951**	**1,811**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in the future:		**488**	**(389)**
Valuation of debt financial instruments	*19.2*	19	3
Valuations of hedging instruments	*19.2*	584	(483)
Deferred tax	*8*	(115)	91
Items that may not be reclassified to profit or loss in the future:		**2**	**1**
Share of other comprehensive income of entities accounted for using the equity method		2	1
NET OTHER INCOME		**490**	**(388)**
TOTAL COMPREHENSIVE INCOME		**1,441**	**1,423**
NET PROFIT ATTRIBUTABLE TO:			
shareholders of the parent company		893	1,724
non-controlling interests		58	87
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
shareholders of the parent company		1,383	1,335
non-controlling interests		58	88
NET PROFIT AND DILUTED NET PROFIT PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY (IN PLN)		**0.40**	**0.77**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2024 *(unaudited)*	As at 31 December 2023 *(audited)*
Property, plant and equipment		69,523	68,508
Intangible assets		1,940	1,952
Rights to use assets		1,872	1,852
Financial receivables	*16.1*	267	254
Derivatives and other assets measured at fair value through profit or loss	*18*	304	278
Shares, interests and other capital instruments		128	102
Shares and interests accounted for using the equity method	*11*	435	453
Other non-current assets	*17.1*	1,127	1,147
CO_2 emission allowances for captive use	*15*	69	20
Deferred income tax assets	*13.2*	4,036	3,774
NON-CURRENT ASSETS		**79,701**	**78,340**
Inventories	*14*	3,159	3,773
CO_2 emission allowances for captive use	*15*	20,805	10,517
Income tax receivables		986	967
Derivatives and other assets measured at fair value through profit or loss	*18*	94	116
Trade receivables and other financial receivables	*16.1*	9,622	10,516
Other current assets	*17.2*	1,779	3,181
Cash and cash equivalents	*16.2*	4,323	6,033
CURRENT ASSETS		**40,768**	**35,103**
TOTAL ASSETS		**120,469**	**113,443**
Share capital	*19.1*	19,184	19,184
Supplementary capital		28,146	28,146
Hedging reserve	*19.2*	(607)	(1,095)
Foreign exchange differences from translation		(1)	(1)
Retained earnings		1,567	640
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**48,289**	**46,874**
Equity attributable to non-controlling interests		1,044	981
TOTAL EQUITY		**49,333**	**47,855**
Non-current provisions	*20*	9,892	9,746
Credits, loans, bonds, factoring and leases	*21.1*	10,361	10,384
Derivative instruments	*18*	347	351
Deferred income tax liabilities	*13.2*	1,319	1,055
Deferred income and government grants		1,170	1,147
Other financial liabilities	*21.2*	512	524
Other non-financial liabilities	*22.1*	169	171
NON-CURRENT LIABILITIES		**23,770**	**23,378**
Current provisions	*20*	28,716	23,263
Credits, loans, bonds, factoring and leases	*21.1*	7,505	4,513
Derivative instruments	*18*	1,096	1,682
Trade payables and other financial liabilities	*21.2*	6,667	7,609
Income tax liabilities		261	260
Deferred income and government grants		109	105
Other non-financial liabilities	*22.2*	3,012	4,778
CURRENT LIABILITIES		**47,366**	**42,210**
TOTAL LIABILITIES		**71,136**	**65,588**
TOTAL EQUITY AND LIABILITIES		**120,469**	**113,443**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Hedging reserve	Foreign exchange differences from translation	Retained earnings	Total	Non-controlling interests	Total equity
Note	*19.1*		*19.2*					
1 January 2024	**19,184**	**28,146**	**(1,095)**	**(1)**	**640**	**46,874**	**981**	**47,855**
Net profit for the reporting period	-	-	-	-	893	893	58	951
Other comprehensive income	-	-	488	-	2	490	-	490
COMPREHENSIVE INCOME	**-**	**-**	**488**	**-**	**895**	**1,383**	**58**	**1,441**
Share of change in capital of jointl controlled entities	-	-	-	-	37	37	-	37
Settlement of purchase of additional shares in subsidiaries	-	-	-	-	(4)	(4)	4	-
Other changes	-	-	-	-	(1)	(1)	1	-
31 March 2024	**19,184**	**28,146**	**(607)**	**(1)**	**1,567**	**48,289**	**1,044**	**49,333**

	Share capital	Supplementary capital	Hedging reserve	Foreign exchange differences from translation	Retained earnings	Total	Non-controlling interests	Total equity
Note	*19.1*		*19.2*					
1 January 2023	**19,184**	**25,049**	**(32)**	**4**	**9,333**	**53,538**	**845**	**54,383**
Net profit for the reporting period	-	-	-	-	1,724	1,724	87	1,811
Other comprehensive income	-	-	(389)	-	-	(389)	1	(388)
COMPREHENSIVE INCOME	**-**	**-**	**(389)**	**-**	**1,724**	**1,335**	**88**	**1,423**
Share of change in capital of jointly controlled entities	-	-	-	-	45	45	-	45
Other changes	-	-	-	(1)	1	-	-	-
31 March 2023	**19,184**	**25,049**	**(421)**	**3**	**11,103**	**54,918**	**933**	**55,851**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period ended 31 March 2024	Period ended 31 March 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross profit		1,165	2,361
Income tax paid		(346)	(1,123)
Adjustments for:			
Share in loss of entities accounted for under the equity method		15	-
Depreciation, liquidation and write-downs		1,128	1,084
Interest and dividend, net		108	74
(Profit) / loss on investing activities		(13)	(43)
Change in receivables		891	(2,625)
Change in inventories		605	(906)
Change in balance of CO_2 allowances for captive use		(10,337)	(14,773)
Change in liabilities, excluding loans and credits		(2,518)	1,350
Change in other non-financial assets, prepayments		1,362	933
Change in provisions		5,582	6,812
Other		19	28
NET CASH FROM OPERATING ACTIVITIES		**(2,339)**	**(6,828)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(2,070)	(1,629)
Disposal of property, plant and equipment and intangible assets		8	3
Opening of term deposits – over 3 months		(330)	(227)
Closing of term deposits – over 3 months		274	212
Acquisition of financial assets		(18)	(3)
Other		(4)	(1)
NET CASH FROM INVESTING ACTIVITIES		**(2,140)**	**(1,645)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue for non-controlling shareholders		37	45
Proceeds from acquired loans, credits		4,665	6,161
Repayment of loans, credits and leases		(1,752)	(775)
Interest paid		(193)	(89)
Other		12	5
NET CASH FROM FINANCING ACTIVITIES		**2,769**	**5,347**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(1,710)**	**(3,126)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*16.2*	**6,033**	**11,887**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*16.2*	**4,323**	**8,761**

GENERAL INFORMATION, BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND OTHER EXPLANATORY INFORMATION

1. General information

1.1 Information on the parent company

PGE Polska Grupa Energetyczna S.A. was established on the basis of the Notary Deed of 2 August 1990 and registered in the District Court in Warsaw, the 16th Commercial Division, on 28 September 1990. The Company is entered in the National Court Register maintained by the District Court Lublin-Wschód in Lublin with its registered office in Świdnik, the 6th Commercial Division of the National Court Register under number 0000059307. The Company's registered office is located in Lublin, at Aleja Kraśnicka 27.

As at 1 January 2024 the composition of the Management Board was as follows:
- Wojciech Dąbrowski – President of the Management Board,
- Wanda Buk – Vice President of the Management Board,
- Przemysław Kołodziejak – Vice President of the Management Board,
- Lechosław Rojewski – Vice President of the Management Board,
- Rafał Włodarski – Vice President of the Management Board.

As at the date of the approval of these consolidated financial statements for publication the composition of the Management Board is as follows:
- Dariusz Marzec – President of the Management Board,
- Robert Kowalski – Vice-President of the Management Board
- Marcin Laskowski – Vice President of the Management Board.

On May 20, 2024, the Supervisory Board adopted a resolution to appoint Mr. Maciej Górski to the Management Board as of June 24, 2024 and entrust him with the function of Vice President of the Management Board for Operations.

In the current period, up to the date of approval of these consolidated financial statements for publication, the following changes in the composition of the Management Board took place:

	Period in office	
	from	to
Wojciech Dąbrowski	20 February 2020	7 February 2024
Wanda Buk	1 September 2020	7 February 2024
Przemysław Kołodziejak	1 May 2023	4 April 2024
Lechosław Rojewski	9 June 2021	28 February 2024
Rafał Włodarski	9 January 2023	7 February 2024
Eryk Kosiński*	7 February 2024	17 March 2024
Małgorzata Banasik**	7 February 2024	8 March 2024
Dariusz Marzec	18 March 2024	present
Przemysław Laskowski	18 March 2024	present
Robert Kowalski	15 May 2024	present

** Member of the Supervisory Board delegated to temporarily act as President of the Management Board*
*** Member of the Supervisory Board delegated to temporarily act as Member of the Management Board*

Ownership structure

The shareholding structure of the parent company was as follows:

	As at 31 March 2024	As at 31 December 2023
State Treasury	60.86%	60.86%
Other shareholders	39.14%	39.14%
Total	**100.00%**	**100.00%**

The ownership structure as at the particular reporting dates is presented on the basis of the information available in the Company.

According to information available to the Company, as at the date of publication of these financial statements, the State Treasury was the only shareholder holding at least 5% of the total number of votes at the General Meeting of PGE S.A.

1.2 Information on the PGE Capital Group

The Capital Group of PGE Polska Grupa Energetyczna S.A. consists of the parent company, i.e. PGE S.A., and 79 consolidated subsidiaries. Consolidation covers also 2 entities constituting so-called joint operations, 5 associates and 1 jointly controlled entity. For additional information about subordinated entities included in the consolidated financial statements please refer to note 1.3.

These consolidated financial statements of the PGE Capital Group cover the period from 1 January 2024 to 31 March 2024, and include comparative data for the period from 1 January 2023 to 31 March 2023, and as at 31 December 2023. The condensed interim consolidated financial statements do not include all the information and disclosures required in yearly financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023, as approved for publication on 3 April 2024.

The financial statements of all subordinated entities were prepared for the same reporting period as the financial statements of the parent company, using consistent accounting principles. An exception to this rule is companies acquired in the course of the financial year that prepared financial data for the period as of their acquisition by the PGE Group.

The major object of the PGE Capital Group is conducting business activities in the following areas:
- generation of electricity,
- distribution of electricity, including in overhead contact lines,
- wholesale and retail trade in electricity, energy origin rights, CO_2 emission allowances and gas,
- generation and distribution of heat,
- provision of other services related to the aforementioned areas.

Business activities are conducted under appropriate concessions granted to the particular entities making up the composition of the PGE Capital Group. The PGE Capital Groups conducts business activities primarily in the territory of Poland.

Going concern

These consolidated financial statements have been prepared based on the assumption that the major companies of the Group will continue as a going concern for a period of at least 12 months from the reporting date.

As at 31 March 2024, PGE Obrót S.A. reports negative equity of PLN (1,471) million. This is mainly the result of a net loss of PLN (2,458) million in 2023, which, in turn, was mainly due to regulatory changes in the retail electricity trading market and the approval by the President of the ERO of a household tariff that does not fully cover the cost of energy purchases. PGE Obrót S.A. has access to financing provided by PGE S.A., therefore the going concern assumption for this company is justified. The impact of regulatory changes on the operations of the PGE Capital Group is described in note 26.4 to these financial statements.

In 2021 ENESTA sp. z o.o. (now ENESTA sp. z o.o. under restructuring) terminated unfavourable agreements for the supply of electricity and natural gas. In 2022, some counterparties took their claims to court. After unsuccessful attempts to reach an agreement with the counterparties, ENESTA filed for restructuring proceedings. On 21 June 2022, the restructuring (recovery) proceedings were initiated. At the end of 2022 and in February 2023, verdicts unfavourable to ENESTA were given in the pending proceedings. The verdicts established the existence and validity of agreements for the sale of electricity and natural gas. At the end of 2022, a provision of PLN 37 million was created for onerous agreements in connection with the necessity to continue the performance of the aforementioned sales agreements. In addition, provisions were created for potential litigation in connection with reserve sales carried out by the seller under an official order in 2022, in the amount of PLN 56 million. During the course of 2023, all provisions for onerous agreements were reversed. Sales revenue is invoiced in accordance with final court verdicts. In September 2023, ENESTA's capital was increased by PLN 32 million and in December 2023 by a further PLN 34 million. All shares in the increased capital were acquired by PGE Obrót S.A.

As at 31 March 2024, ENESTA's assets, capital and liabilities amount to PLN 108 million and its equity amounts to PLN (134) million.

Apart from the issue described above, as at the date of the approval of these financial statements for publication, no circumstances were identified that would indicate any threat to the major PGE Group companies continuing as going concerns within 12 months from the reporting date.

Changes in the accounting policy

The same accounting principles (policy) and methods of calculation have been followed in these financial statements as in the latest annual financial statements. These financial statements should be read jointly with the audited consolidated financial statements of the PGE Group for the year ended 31 December 2023, as approved for publication on 3 April 2024.

1.3 Companies consolidated in the PGE Capital Group

1.3.1 Direct and indirect subsidiaries under consolidation under the full method

	Company name	Shareholder	Shares held by PGE CG companies as at 31 March 2024	Shares held by PGE CG companies as at 31 December 2023
	SEGMENT: TRADE			
1.	PGE Polska Grupa Energetyczna S.A. Warsaw	Parent company		
2.	PGE Dom Maklerski S.A. Warsaw	PGE S.A.	100.00%	100.00%
3.	PGE Obrót S.A. Rzeszów	PGE S.A.	100.00%	100.00%
4.	ENESTA sp. z o.o. under restructuring Stalowa Wola	PGE Obrót S.A.	94.51%	92.25%
5.	PGE Paliwa sp. z o.o. Kraków	PGE EC S.A.	100.00%	100.00%
6.	Energoserwis – Kleszczów sp. z o.o. Rogowiec	PGE S.A.	51.00%	51.00%
	SEGMENT: CONVENTIONAL POWER GENERATION			
7.	PGE Górnictwo i Energetyka Konwencjonalna S.A. Bełchatów	PGE S.A.	100.00%	100.00%
8.	MegaSerwis sp. z o.o. Bogatynia	PGE GiEK S.A.	100.00%	100.00%
9.	ELMEN sp. z o.o. Wola Grzymalina	PGE GiEK S.A.	100.00%	100.00%
10.	ELTUR-SERWIS sp. z o.o. Bogatynia	PGE GiEK S.A.	100.00%	100.00%
11.	"Betrans" sp. z o.o. Kalisko	PGE GiEK S.A.	100.00%	100.00%
12.	BESTGUM POLSKA sp. z o.o. Rogowiec	PGE GiEK S.A.	100.00%	100.00%
13.	RAMB sp. z o.o. Piaski	PGE GiEK S.A.	100.00%	100.00%
	SEGMENT: HEAT GENERATION			
14.	PGE Energia Ciepła S.A. Warsaw	PGE S.A.	100.00%	100.00%
15.	PGE Toruń S.A. Toruń	PGE EC S.A.	95.22%	95.22%
16.	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. Wrocław	PGE EC S.A.	58.07%	58.07%
17.	Elektrociepłownia Zielona Góra S.A. Zielona Góra	KOGENERACJA S.A.	100.00%	100.00%
18.	"MEGAZEC" sp. z o.o. Bydgoszcz	PGE S.A.	100.00%	100.00%
	SEGMENT: CIRCULAR ECONOMY			
19.	PGE Ekoserwis S.A. Wrocław	PGE S.A.	100.00%	100.00%
20.	ZOWER sp. z o.o. Rybnik	PGE Ekoserwis S.A.	100.00%	100.00%
	SEGMENT: GAS-FIRED POWER GENERATION			
21.	PGE Gryfino 2050 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
22.	Rybnik 2050 sp. z o.o. Rybnik	PGE S.A.	100.00%	100.00%
	SEGMENT: RENEWABLE POWER GENERATION			
23.	PGE Energia Odnawialna S.A. Warsaw	PGE S.A.	100.00%	100.00%
24.	Elektrownia Wiatrowa Baltica-1 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
25.	Elektrownia Wiatrowa Baltica-4 sp. z o.o. Warsaw	PGE S.A.	66.19%	66.19%
26.	Elektrownia Wiatrowa Baltica-5 sp. z o.o. Warsaw	PGE S.A.	66.19%	66.19%
27.	Elektrownia Wiatrowa Baltica-6 sp. z o.o. Warsaw	PGE S.A.	66.24%	66.24%
28.	Elektrownia Wiatrowa Baltica -7 sp. z o.o. (previously PGE Baltica 4 sp. z o.o.) Warsaw	PGE S.A.	55.04%	55.04%

	Company name	Shareholder	Shares held by PGE CG companies as at 31 March 2024	Shares held by PGE CG companies as at 31 December 2023
29.	Elektrownia Wiatrowa Baltica-8 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
30.	Elektrownia Wiatrowa Baltica 9 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
31.	Elektrownia Wiatrowa Baltica 10 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
32.	Elektrownia Wiatrowa Baltica 11 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
33.	Elektrownia Wiatrowa Baltica 12 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
34.	PGE Baltica 2 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
35.	PGE Baltica 3 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
36.	PGE Baltica 5 sp. z o.o. Warsaw	PGE Baltica 3 sp. z o.o.	100.00%	100.00%
37.	PGE Baltica 6 sp. z o.o. Warsaw	PGE Baltica 2 sp. z o.o.	100.00%	100.00%
38.	PGE Baltica sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
39.	PGE Soleo 2 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
40.	Mithra D sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
41.	Mithra F sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
42.	Mithra G sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
43.	Mithra H sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
44.	Mithra I sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
45.	Mithra K sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
46.	Mithra M sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
47.	Mithra N sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
48.	Mithra O sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
49.	Mithra P sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
50.	LongWing Polska sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
	SEGMENT: DISTRIBUTION			
51.	PGE Dystrybucja S.A. Lublin	PGE S.A.	100.00%	100.00%
	SEGMENT: RAILWAY POWER ENGINEERING			
52.	PGE Energetyka Kolejowa Holding sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
53.	PGE Energetyka Kolejowa S.A. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
54.	PGE Energetyka Kolejowa Obsługa sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
55.	PGE Energetyka Kolejowa CUW sp. z o.o. Łódź	PGE EKH sp. z o.o.	100.00%	100.00%
56.	Energetyka Kolejowa Budownictwo sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
57.	Energetyka Kolejowa sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
58.	Energetyka Kolejowa Obrót sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
59.	Cedton Investments sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
60.	Remton Investments sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
	SEGMENT: OTHER ACTIVITIES			
61.	PGE Systemy S.A. Warsaw	PGE S.A.	100.00%	100.00%
62.	PGE Sweden AB (publ) Stockholm	PGE S.A.	100.00%	100.00%
63.	PGE Synergia sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%

	Company name	Shareholder	Shares held by PGE CG companies as at 31 March 2024	Shares held by PGE CG companies as at 31 December 2023
64.	ELBIS sp. z o.o. Rogowiec	PGE S.A.	100.00%	100.00%
65.	PGE Inwest 2 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
66.	PGE Ventures sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
67.	PGE Inwest 9 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
68.	PGE Inwest 10 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
69.	PGE Inwest 11 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
70.	PGE Inwest 12 sp. z o.o. Warsaw	PGE S.A.	51.00%	100.00%
71.	PGE Asekuracja S.A. Warsaw	PGE S.A.	100.00%	100.00%
72.	PGE Inwest 14 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
	PGE Nowa Energia sp. z o.o. in liquidation Warsaw	PGE S.A.	-	100.00%
73.	PGE Inwest 20 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
74.	PGE Inwest 21 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
75.	PGE Inwest 22 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
76.	PGE Inwest 23 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
77.	PGE Inwest 24 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
78.	PGE Inwest 25 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
79.	Energetyczne Systemy Pomiarowe sp. z o.o. Białystok	PGE Dystrybucja S.A.	100.00%	100.00%
80.	Elbest Security sp. z o.o. Bełchatów	PGE S.A.	100.00%	100.00%

The above table includes the following changes in the structure of the PGE Group companies subject to full consolidation that took place during the period ended 31 March 2024:

- On 17 October 2023, the Extraordinary General Meeting of the company PGE Inwest 12 sp. z o.o. adopted a resolution on increasing the company's share capital by PLN 35 million. The increase in the company's share capital was acquired by PGE S.A. and the National Environmental Protection and Water Management Fund, in exchange for a cash contribution. The National Environmental Protection and Water Management Fund acquired 20,200 shares with a value of PLN 20.2 million, and PGE S.A. acquired 14,830 shares with a value of PLN 14.8 million. Consequently, the shareholding of PGE S.A. fell to 51%. On 4 March 2024, the increase in the company's share capital was entered in the National Court Register.
- On 18 December 2023, the Extraordinary General Meeting of ENESTA sp. z o.o. in restructuring adopted a resolution on increasing the share capital by PLN 34 million by way of creating 34.000 new shares with a par value of PLN 1,000.00 each. All shares were taken up by PGE Obrót S.A. PGE Obrót S.A. paid for its shares in March 2024. Consequently, the participation of this company in the capital of ENESTA sp. z o.o. in restructuring increased to 94.51%. At the same time, equity attributable to shareholders of the parent company decreased by PLN 4 million. As at the date of the approval of these consolidated financial statements for publication, the aforementioned capital increase had not been registered in the National Court Register.
- On 16 February 2024, the liquidation of PGE Nowa Energia sp. z o.o. in liquidation was completed and the company was deleted from the National Court Register.

1.3.2 Joint operations subject to consolidation with respect to assets and liabilities, revenues and expenses attributable to the PGE Capital Group

	Company name	Shareholder	Shares held by PGE CG companies as at 31 March 2024	Shares held by PGE CG companies as at 31 December 2023
	SEGMENT: RENEWABLE POWER GENERATION			
1.	Elektrownia Wiatrowa Baltica-2 sp. z o.o. Warsaw	PGE Baltica 6 sp. z o.o.	50.00%	50.00%
2.	Elektrownia Wiatrowa Baltica-3 sp. z o.o. Warsaw	PGE Baltica 5 sp. z o.o.	50.00%	50.00%

1.3.3 Associates and jointly-controlled companies consolidated under the equity method

	Company name	Shareholder	Shares held by PGE CG companies as at 31 March 2024	Shares held by PGE CG companies as at 31 December 2023
1.	Polimex Mostostal S.A. Warsaw	PGE S.A.	16.24%	16.19%
2.	PEC Bogatynia S.A. Bogatynia	PGE EC S.A.	34.93%	34.93%
3.	ZPBE Energopomiar sp. z o.o. Gliwice	PGE GiEK S.A.	49.79%	49.79%
4.	PGE Soleo Kleszczów sp. z o.o. Kleszczów	PGE EO S.A.	50.00%	50.00%
5	PGE PAK Energia Jądrowa S.A. Konin	PGE S.A.	50.00%	50.00%
6	Elester sp. z o.o. Łódź	PGE Energetyka Kolejowa Holding sp. z o.o.	39.96%	39.96%
		PGE Energetyka Kolejowa S.A.	50.00%	50.00%

2. Basis for preparation of the financial statements

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, items 512 and 685).

The International financial reporting standards comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretation Committee ("IFRIC")).

2.2 Presentation and functional currency

The parent company's functional currency and the presentation currency of these consolidated financial statements is the Polish zloty. All amounts are in PLN million, unless indicated otherwise.

At the reporting date, for the purpose of translation of items denominated in currencies other than PLN, the following exchange rates were applied:

	31 March 2024	31 December 2023	31 March 2023
USD	3.9886	3.9350	4.2934
EUR	4.3009	4.3480	4.6755

2.3 New standards and interpretations published, not yet effective

The following standards, changes in already effective standards and interpretations are not endorsed by the European Union or are not effective as at 1 January 2024:

Standard	Description of changes	Effective date
IFRS 14 Regulatory Deferral Accounts	The principles of accounting and disclosure for regulatory deferral accounts.	In accordance with the decision of the European Commission, the approval process of the standard in its preliminary version will not be initiated before the standard in its final version is published.
Changes to IFRS 10 and IAS 28	The guidelines concerning sales transactions or an investor's contribution of assets to an associate or a joint venture.	Work on the approval of the changes has been suspended indefinitely.
Changes to IAS 7	Changes related to disclosures in cash flow statements	1 January 2024 – the changes have not been approved by the European Commission.
Changes to IAS 21	The changes relate to the effects of changes in foreign currency exchange rates – lack of convertibility	1 January 2025
MSSF 18	Presentation and disclosures in financial statements	1 January 2027

The PGE Capital Groups intends to accept the aforementioned standards and changes to standards and interpretations as published by the International Accounting Standards Board, but not effective as at the reporting date, after they have entered into force. The above regulations will not have a material impact on the future financial statements of the PGE Capital Group.

2.4 The Management Board's professional judgement and estimates

In the process of applying the accounting policy to the foregoing issues, the most important element, besides accounting estimates, was the management's professional opinion, which influences the values disclosed in the consolidated financial statements, including the additional explanatory notes. The assumptions of these estimates are based on the Management Board's best knowledge of current and future activities and events in the respective areas.

Detailed information on the adopted assumptions is presented below or in the relevant notes.

- In previous reporting periods, the Group recognised impairment write-downs of assets, particularly property, plant and equipment. In the current reporting period, the Group does not identify any indication of the necessity of impairment testing or reversal of write-downs recognised in previous periods. The estimate of the recoverable amount of property, plant and equipment is based on a number of significant assumptions, the future realisation of which is uncertain and for a significant part beyond the control of the PGE Capital Group. The Group has adopted what it believes to be the most appropriate amounts and values; nevertheless, it cannot be ruled out that the realisation of particular assumptions will differ from those adopted by the Group.
- Provisions are liabilities whose amount or timing of payment is uncertain. During the reporting period, the Group changed its estimates of the reasonableness or amount of certain provisions.
- Uncertainties related to tax settlements are described in note 24 to these consolidated financial statements.
- The Group makes significant estimates in respect of recognised contingent liabilities. Relevant details are set out in note 23 to these financial statements.
- The valuation of financial instruments results from a number of assumptions and estimates based on data available at the time the financial statements were being prepared. Changes in these assumptions and estimates may affect the future financial statements of the PGE Capital Group.
- Due to the crisis situation on the electricity market, a number of legal regulations came into force in 2022, which made it necessary on the part of the PGE Capital Group to make estimates of revenue and costs in the field of compensation related to the purchase of coal, compensation and price adjustments resulting from the Act for households, the write-down for the Price Difference Payment Fund resulting from the Emergency Measures in 2023 Act. A detailed description of these estimates can be found in notes 26.2 and 26.4 to these financial statements.
- Some of the sales revenue described in note 6.1 to these consolidated financial statements are invoiced based on cyclical readings of metering and billing systems. This results in the necessity to re-estimate sales revenue in respect of supplies for which the PGE Capital Group does not have meter readings at the reporting date. Revenue from sales on the electricity balancing market is subject to adjustments after the end of the reporting period. The final value of the sale or purchase cost of electricity is determined up to 14 months after the end of the relevant delivery period.

3. Changes in accounting principles and data presentation

New standards and interpretations effective as of 1 January 2024

The accounting principles used in drawing up these financial statements are consistent with those followed in the preparation of the separate financial statements for the year 2023, with the exceptions presented below. The changes to the IFRSs referred to below were applied in these financial statements as of their respective effective dates. The changes listed below did not have any material impact on the presented and disclosed financial information or did not apply to transactions entered into by the Group:

- Changes to IAS 1 – changes relate to the presentation of financial statements – classification of liabilities as current and non-current.
- Changes to IFRS 16 – changes relate to the manner of valuation of liabilities under sale and leaseback transactions.

The Group has not elected to early adopt any of the standards, interpretations or changes that have been published but are not yet effective in accordance with the European Union regulations.

Change in data presentation

In the current period, the PGE Capital Group has spun off a new Gas-Fired Power Generation segment. In previous periods, the assets and performance of this segment were recognised and analysed under Other Activities. The comparative figures presented in notes 5.1 and 10 have been restated accordingly.

4. Fair value hierarchy

Derivative instruments

The Group measures derivatives at fair value using valuation models for financial instruments based on publicly available exchange rates, interest rates, discount curves in particular currencies (applicable also for commodities whose prices are denominated in these currencies) obtained from information platforms and active markets. The fair value of derivative instruments is determined based on discounted future cash flows related from concluded transactions, calculated on the basis of the difference between the forward price and the transaction price. The valuation of IRS transactions is the difference in the discounted interest flows of a fixed rate stream and a floating rate stream. The valuation of CCIRS transactions is the difference in the discounted flows paid and received in two different currencies. Forward exchange rates are not modelled as a separate risk factor, but are derived from the spot rate and the corresponding forward interest rate for the foreign currency in relation to PLN.

Future developments in interest rates, exchange rates or EUA price levels other than those projected by the Group will have an impact on future financial statements.

In the category of financial assets and liabilities measured at fair value through profit or loss, the Group recognises financial instruments related to trade in CO_2 emission allowances – currency and commodity forwards, coal purchase and sales contracts, and commodity SWAPs (Level 2).

Additionally, the Group presents the CCIRS derivative hedging instrument for foreign exchange (EUR/PLN) and the CCIRS interest rate and the IRS transactions hedging a floating rate in PLN with a fixed rate in PLN (Level 2).

	Assets as at 31 March 2024		Liabilities as at 31 March 2024	
FAIR VALUE HIERARCHY	**Level 1**	**Level 2**	**Level 1**	**Level 2**
CO_2 emission allowances in trading activities	1	-	-	-
Hard coal in trading activities	304	-	-	-
INVENTORIES	**305**	**-**	**-**	**-**
Currency forwards	-	15	-	30
Commodity SWAP	-	27	-	16
Contracts for purchase/sale of coal	-	62	-	7
Derivatives embedded in commercial contracts	-	-		383
Options	-	13	-	-
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**117**	**-**	**436**
CCIRS hedging transactions	-	4	-	-
IRS hedging transactions	-	239	-	-
Currency forward - EUR	-	5	-	1,007
HEDGING DERIVATIVES	**-**	**248**	**-**	**1,007**
Investment fund participation units	-	33	-	-
OTHER ASSETS / LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**33**	**-**	**-**

FAIR VALUE HIERARCHY	Assets as at 31 December 2023		Liabilities as at 31 December 2023	
	Level 1	Level 2	Level 1	Level 2
CO_2 emission allowances in trading activities	1	-	-	-
Hard coal in trading activities	343	-	-	-
INVENTORIES	**344**	**-**	**-**	**-**
Currency forwards	-	3	-	25
Commodity SWAP	-	65	-	14
Contracts for purchase/sale of coal	-	78	-	19
Derivatives embedded in commercial contracts		-		410
Options	-	13	-	-
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**159**	**-**	**468**
CCIRS hedging transactions	-	4	-	-
IRS hedging transactions	-	193	-	-
Currency forward - EUR	-	7	-	1,565
HEDGING DERIVATIVES	**-**	**204**	**-**	**1,565**
Investment fund participation units	-	31	-	-
OTHER ASSETS / LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**31**	**-**	**-**

Derivatives are presented in note 18 to these financial statements. During the current and comparative reporting periods, there were no transfers of financial instruments between level 1 and level 2 of the fair value hierarchy.

EXPLANATORY NOTES TO THE CONSOLIDTED FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE OPERATING SEGMENTS

5. Information on the business segments

The companies of the PGE Capital Group conduct their activities on the basis of relevant concessions, including in particular concessions for the generation, trading and distribution of electricity, generation, transmission and distribution of heat, granted by the President of the Energy Regulatory Office, as well as concessions for the mining of lignite from deposits granted by the Minister of the Environment. Concessions are generally granted for periods from 10 to 50 years.

The concessions for lignite mining, electricity and heat generation as well as electricity and heat distribution have corresponding assets allocated to them, as shown in the detailed information on the operating segments. In connection with the electricity and heat concessions, the PGE Group incurs annual fees dependent on revenue. In the case of the activities related to the mining of lignite, the Company incurs extraction fees dependent on applicable rates and mining volumes, as well as mining usage fees.

The PGE Capital Group presents information on its operating segments for the current and comparative reporting periods in accordance with IFRS 8 *Operating Segments*. The division of the reporting system of the PGE Capital Group is based on its operating segments:

- Renewable Power Generation includes electricity generation in pumped storage hydro power plants and from renewable sources.
- Gas-Fired Power Generation includes electricity generation from gas-fired sources.
- Conventional Power Generation comprises lignite exploration and extraction, electricity generation from conventional sources, as well as related ancillary activities.
- Heat Generation comprises the generation of heat and electricity in cogeneration sources as well the transmission and distribution of heat.
- Distribution comprises the management of local distribution networks and the transmission of electricity through these networks.
- Railway Power Engineering primarily comprises the distribution and sale of electricity to railway operators and rail-focused customers, the sale of fuels and the maintenance and upgrading of the contact lines network, along with other electricity services.
- Trade comprises the sale and purchase of electricity and natural gas on the wholesale market, trade in CO_2 emission allowances and property rights resulting from certificates of origin, the purchase and supply of fuels, the sale of electricity and the provision of services to end customers.
- Circular Economy comprises the management of combustion by-products.
- Other Activities include the provision of services by subsidiaries for the benefit of the Group, e.g. organisation of financing acquisition, provision of IT, transport services and investments in start-ups.

The organisation and management of the PGE Capital Group divided into segments based on the type of products and services offered. Each segment constitutes a strategic business unit offering different products and serving different markets. The allocation of particular entities to operating segments is presented in note 1.3 to these consolidated financial statements. The PGE Capital Group settles transactions between segments as if they concerned unrelated entities – on an arm’s length basis. Analysing the results of particular operating segments, the management of the Group pays attention first of all to achieved EBITDA.

In the current period, the PGE Capital Group has spun off a new Gas-Fired Power Generation segment. In previous periods, the assets and performance of this segment were recognised and analysed under Other Activities. The comparative figures have been restated accordingly.

Seasonality of the business segments’ activities

The main factors influencing demand for electricity and heat include atmospheric factors such as air temperature, wind power, precipitation, socio-economic factors such as the number of energy consumers, prices of energy carriers, economic development and GDP, as well as technological factors such as technological progress and product manufacturing technologies. Each of these factors influences the technical and economic conditions for generation and distribution of energy carriers, and thus affects the results achieved by the companies of the PGE Capital Group.

The level of electricity sales throughout the year is variable and depends primarily on the atmospheric factors such as air temperature and the length of day. Increased demand for electricity is particularly visible during the winter period, while lower demand is observed in the summer. Moreover, seasonal changes are visible among selected groups of end users. Seasonality effects are more significant for households than the industrial sector.

In the Renewable Power Generation segment, electricity is generated from environmental resources such as water, wind and sun. Meteorological conditions are an important factor affecting electricity production in this segment.

Sales of heat depend in particular on air temperature and are higher in the winter and lower in the summer.

5.1 Information concerning the operating segments

Information concerning the operating segments for the period ended 31 March 2024

	Renewable Power Generation	Gas-Fired Power Generation	Conventional Power Generation	Heat Generation	Distribution	Railway Power Engineering	Trade	Circular Economy	Other Activities	Adjustments	Total
STATEMENT OF PROFIT OR LOSS											
Sales to external customers	376	11	3,791	2,155	2,846	1,338	6,272	55	(4)	1	16,841
Sales among segments	322	-	3,674	1,736	198	13	11,729	44	114	(17,830)	-
TOTAL SEGMENT REVENUE	**698**	**11**	**7,465**	**3,891**	**3,044**	**1,351**	**18,001**	**99**	**110**	**(17,829)**	**16,841**
Cost of goods sold	(365)	(23)	(7,944)	(3,429)	(2,311)	(1,080)	(16,947)	(58)	(90)	17,052	(15,195)
EBIT	**284**	**(23)**	**(859)**	**310**	**653**	**170**	**894**	**22**	**7**	**(50)**	**1,408**
Depreciation, liquidation and write-downs recognised in profit or loss	95	1	361	204	339	109	9	2	11	(3)	1,128
EBITDA	**379**	**(22)**	**(498)**	**514**	**992**	**279**	**903**	**24**	**18**	**(53)**	**2,536**
GROSS PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,165**
Income tax expense	-	-	-	-	-	-	-	-	-	-	(214)
NET PROFIT FOR REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**951**
ASSETS AND LIABILITIES											
Segment assets without PPE, IA, RTUA and trade receivables	599	382	24,697	1,397	96	190	1,020	44	70	(1,556)	26,939
PPE, IA, RTUA	6,790	4,158	20,937	8,424	24,949	7,539	328	69	276	(135)	73,335
Trade receivables	291	14	1,643	1,185	1,827	653	11,181	68	81	(10,481)	6,462
Shares and interests accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	435
Unallocated assets	-	-	-	-	-	-	-	-	-	-	13,298
TOTAL ASSETS											**120,469**
Segment liabilities, excluding trade payables	1,395	231	34,967	3,218	3,372	826	5,219	111	90	(3,669)	45,760
Trade payables	113	26	5,688	1,009	640	2,365	5,028	44	40	(10,466)	4,487
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	20,889
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71,136**
OTHER INFORMATION ON SEGMENT											
Capital expenditure	258	441	179	283	912	77	2	-	12	(99)	2,065
Increases in RTUA	-	-	-	-	1	-	-	-	-	-	1
TOTAL CAPITAL EXPENDITURES	**258**	**441**	**179**	**283**	**913**	**77**	**2**	**-**	**12**	**(99)**	**2,066**
Write-downs on financial and non-financial assets	-	-	(2)	17	3	(2)	(28)	-	-	(9)	(21)
Other non-monetary expenses*	13	-	4,927	1,154	58	21	(44)	38	9	(68)	6,108

** Changes of a non-monetary nature relate to provisions for, among others, land rehabilitation, CO_2 emission allowances, jubilee awards, employee tariffs and non-financial liabilities for employee benefits recognised in profit or loss and other comprehensive income.*

Information concerning the operating segments for the period ended 31 March 2023

data restated	Renewable Power Generation	Gas-Fired Power Generation	Conventional Power Generation	Heat Generation	Distribution	Trade	Circular Economy	Other Activities	Adjustments	Total
STATEMENT OF PROFIT OR LOSS										
Sales to external customers	564	-	10,408	3,143	2,738	10,317	33	3	2	27,208
Sales among segments	368	-	2,610	1,720	33	15,075	54	66	(19,926)	-
TOTAL SEGMENT REVENUE	**932**	**-**	**13,018**	**4,863**	**2,771**	**25,392**	**87**	**69**	**(19,924)**	**27,208**
Cost of goods sold	(422)	(1)	(10,048)	(3,760)	(1,723)	(25,294)	(58)	(61)	19,729	(21,638)
EBIT	**348**	**(3)**	**429**	**729**	**960**	**(262)**	**12**	**(1)**	**131**	**2,343**
Depreciation, liquidation and write-downs recognised in profit or loss	88	-	480	187	314	8	2	12	(7)	1,084
EBITDA	**436**	**(3)**	**909**	**916**	**1,274**	**(254)**	**14**	**11**	**124**	**3,427**
GROSS PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,361**
Income tax expense	-	-	-	-	-	-	-	-	-	(550)
NET PROFIT FOR REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,811**
ASSETS AND LIABILITIES										
Segment assets without PPE, IA, RTUA and trade receivables	363	200	22,526	2,840	74	4,561	24	77	(3,276)	27,389
PPE, IA, RTUA	5,528	3,139	28,981	7,697	21,851	314	68	236	(777)	67,037
Trade receivables	313	-	1,581	1,196	1,948	12,348	85	49	(10,043)	7,477
Shares and interests accounted for under the equity method	-	-	-	-	-	-	-	-	-	186
Unallocated assets	-	-	-	-	-	-	-	-	-	18,363
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,452**
Segment liabilities, excluding trade payables	949	48	31,267	4,700	2,843	8,625	61	58	(3,483)	45,068
Trade payables	106	1	3,060	1,918	708	6,642	36	39	(10,397)	2,113
Unallocated liabilities	-	-	-	-	-	-	-	-	-	17,420
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**64,601**
OTHER INFORMATION ON SEGMENT										
Capital expenditure	165	158	196	225	814	4	5	16	(46)	1,537
Increases in RTUA	-	-	2	17	1	-	-	-	-	20
TOTAL CAPITAL EXPENDITURES	**165**	**158**	**198**	**242**	**815**	**4**	**5**	**16**	**(46)**	**1,557**
Write-downs on financial and non-financial assets	-	-	21	10	5	95	-	-	-	131
Other non-monetary expenses *)	2	-	5,590	1,153	15	198	-	1	(80)	6,879

** Changes of a non-monetary nature relate to provisions for, among others, land rehabilitation, CO_2 emission rights, jubilee awards, employee tariffs and non-financial liabilities for employee benefits recognised in profit or loss and other comprehensive income*

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6. Revenue and expenses

6.1 Sales revenue

Sales revenue for the period ended 31 March 2024 broken down by category

The table below presents a reconciliation between the disclosure of revenue broken down by category and information on revenue that the Group discloses for each reportable segment.

	Renewable Power Generation	Gas-Fired Power Generation	Conventional Power Generation	Heat Generation	Distribution	Power Generation Power Engineering	Trade	Circular Economy	Other Activities	Adjustments	Total
Revenue from contracts with customers	698	11	7,461	3,778	2,636	1,346	17,161	99	110	(17,823)	**15,477**
Revenue from recognised compensation based on: the Act on prices of electricity and gaseous fuels / the Act on special arrangements for certain heat sources	-	-	-	79	388	5	817	-	-	-	**1,289**
Revenue from recognised compensation pursuant to the Act on preferential purchase of solid fuel for households	-	-	-	-	-	-	22	-	-	-	**22**
Revenue from auction support for RES	(1)	-	-	-	-	-	-	-	-	-	**(1)**
Revenue from support for high-efficiency cogeneration	-	-	-	23	-	-	-	-	-	-	**23**
Revenue from PPA compensation	-	-	-	4	-	-	-	-	-	-	**4**
Lease income	1	-	4	7	20	-	1	-	-	(6)	**27**
TOTAL SALES REVENUE	**698**	**11**	**7,465**	**3,891**	**3,044**	**1,351**	**18,001**	**99**	**110**	**(17,829)**	**16,841**

The table below presents revenue from contracts with customers broken down by category reflecting how economic factors affect the nature, amount and timing of payments as well as the uncertainty of revenue and cash flows.

Type of good or service	Renewable Power Generation	Gas-Fired Power Generation	Conventional Power Generation	Heat Generation	Distribution	Power Generation Power Engineering	Trade	Circular Economy	Other Activities	Adjustments	Total
Revenue from sales of goods and products, without excluding taxes and fees	686	11	7,454	3,765	3,079	1,295	16,807	47	-	**(17,274)**	15,870
Taxes and fees collected on behalf of third parties	-	-	*(3)*	*(1)*	*(457)*	*(71)*	*(42)*	-	-	**-**	*(574)*
Revenue from sales of goods and products, including:	**686**	**11**	**7,451**	**3,764**	**2,622**	**1,224**	**16,765**	**47**	**-**	**(17,274)**	**15,296**
Sales of electricity	514	11	6,686	1,897	4	603	5,854	-	-	(6,295)	9,274
The capacity market,	79	-	524	86	-	-	9	-	-	(2)	696
Sales of distribution services	-		2	7	2,432	561	28	-	-	(118)	2,912
Sales of heat	-	-	54	1,760	-	-	7	-	-	(10)	1,811
Sales of energy origin property rights	69	-		4	-	-	-	-	-	(45)	28
Regulatory system services	5	-	135	-	-	-	-	-	-	-	140
Sales of natural gas	-	-	-	-	-	-	48	-	-	(36)	12
Sales of fuels	-	-	-	-	-	60	305	-	-	(133)	232
Sales of CO_2 emission allowances	-	-	-	6	-	-	10,505	-	-	(10,493)	18
Other sales of goods and materials	19	-	50	4	186	-	9	47	-	(142)	173
Revenue from sales of services	**12**	**-**	**10**	**14**	**14**	**122**	**396**	**52**	**110**	**(549)**	**181**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**698**	**11**	**7,461**	**3,778**	**2,636**	**1,346**	**17,161**	**99**	**110**	**(17,823)**	**15,477**

Sales revenue for the period ended 31 March 2023 broken down by category

The table below presents a reconciliation between the disclosure of revenue broken down by category and information on revenue that the Group discloses for each reportable segment.

data restated	Renewable Power Generation	Conventional Power Generation	Heat Generation	Distribution	Trade	Circular Economy	Other Activities	Adjustments	Total
Revenue from contracts with customers	942	13,015	4,550	2,406	23,620	87	69	(19,921)	**24,768**
Revenue from recognised compensation on the basis of: the Act on prices of electricity and gaseous fuels / the Act on special arrangements for certain heat sources	-	-	12	348	1,659	-	-	-	**2,019**
Revenue from recognised compensation pursuant to the Act on preferential purchase of solid fuel for households	-	-	-	-	112	-	-	-	**112**
Revenue from auction support for RES	(11)	-	-	-	-	-	-	-	**(11)**
Revenue from support for high-efficiency cogeneration	-	-	293	-	-	-	-	-	**293**
Revenue from PPA compensation	-	-	2	-	-	-	-	-	**2**
Lease income	1	3	6	17	1	-	-	(3)	**25**
TOTAL SALES REVENUE	**932**	**13,018**	**4,863**	**2,771**	**25,392**	**87**	**69**	**(19,924)**	**27,208**

The table below presents revenue from contracts with customers broken down by category reflecting how economic factors affect the nature, amount and timing of payments as well as the uncertainty of revenue and cash flows.

Type of good or service	Renewable Power Generation	Power Generation Power Generation	Heat Generation	Distribution	Trade	Circular Economy	Other Activities	Adjustments	Total
Revenue from sales of goods and products, without excluding taxes and fees	931	12,998	4,536	2,778	23,105	29	-	(19,238)	25,139
Taxes and fees collected on behalf of third parties	-	*(3)*	*(1)*	*(385)*	*(37)*	-	-	-	*(426)*
Revenue from sales of goods and products, including:	**931**	**12,995**	**4,535**	**2,393**	**23,068**	**29**	**-**	**(19,238)**	**24,713**
Sales of electricity	741	11,718	2,761	5	7,699	-	-	(5,845)	17,079
The capacity market,	69	571	62	-	8	-	-	-	710
Sales of distribution services		3	5	2,305	17	-	-	(32)	2,298
Sales of heat		42	1,675	-	6	-	-	(5)	1,718
Sales of energy origin property rights	113	-	28	-	-	-	-	(17)	124
Regulatory system services	4	617	1	-	-	-	-	-	622
Sales of natural gas	-	-	-	-	653	-	-	(543)	110
Sales of fuels	-	-	-	-	3,755	-	-	(1,915)	1,840
Sales of CO_2 emission allowances	-	-	-	-	10,920	-	-	(10,839)	81
Other sales of goods and materials	4	44	3	83	10	29	-	(42)	131
Revenue from sales of services	**11**	**20**	**15**	**13**	**552**	**58**	**69**	**(683)**	**55**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**942**	**13,015**	**4,550**	**2,406**	**23,620**	**87**	**69**	**(19,921)**	**24,768**

6.2 Expenses by kind and function

	Period ended 31 March 2024	Period ended 31 March 2023
EXPENSES BY KIND		
Depreciation and write-downs	1,132	1,091
Consumption of materials and energy	3,222	4,502
Third party services	1,315	1,024
Taxes and charges	6,292	9,549
Employee benefits expenses	1,995	1,624
Other expenses by kind	102	106
TOTAL COSTS BY TYPE	**14,058**	**17,896**
Change in provisions	(4)	(33)
Cost of services for entity's own needs	(369)	(210)
Distribution and selling expenses	(291)	(2,687)
General and administrative expenses	(448)	(322)
Value of goods and materials sold	2,249	6,994
COST OF GOODS SOLD	**15,195**	**21,638**

6.3 Depreciation, liquidation and write-downs

The recognition of depreciation, liquidation and impairment losses on property, plant and equipment, intangible assets, rights to use assets and investment properties in the statement of comprehensive income is set out below.

Period ended 31 March 2024	Depreciation and liquidation					Write-downs			
	PPE	IA	RTUA	IP	TOTAL	PPE	IA	RTUA	TOTAL
Cost of goods sold	986	23	26	1	**1,036**	45	-	-	**45**
Distribution and selling expenses	2	1	-	-	**3**	-	-	1	**1**
General and administrative expenses	30	7	6	-	**43**	-	-	-	**-**
RECOGNISED IN PROFIT OR LOSS	**1,018**	**31**	**32**	**1**	**1,082**	**45**	**-**	**1**	**46**
Change in provisions	(4)	-	-	-	**(4)**	-	-	-	**-**
Cost of services for entity's own needs	6	1	1	-	**8**	-	-	-	**-**
TOTAL	**1,020**	**32**	**33**	**1**	**1,086**	**45**	**-**	**1**	**46**

Period ended 31 March 2023	Depreciation and liquidation					Write-downs			
	PPE	IA	RTUA	IP	TOTAL	PPE	IA	RTUA	TOTAL
Cost of goods sold	1,012	12	14	1	**1,039**	25	-	-	**25**
Distribution and selling expenses	3	1	-	-	**4**	-	-	-	**-**
General and administrative expenses	10	3	3	-	**16**	-	-	-	**-**
RECOGNISED IN PROFIT OR LOSS	**1,025**	**16**	**17**	**1**	**1,059**	**25**	**-**	**-**	**25**
Change in provisions	-	-	-	-	**-**	-	-	-	**-**
Cost of services for entity's own needs	6	-	1	-	**7**	-	-	-	**-**
TOTAL	**1,031**	**16**	**18**	**1**	**1,066**	**25**	**-**	**-**	**25**

Write-downs made during the reporting period mainly relate to capital expenditures incurred in the entities for which impairment was recognised in previous periods.

Under Depreciation and liquidation, the Group recognised in the current period an amount of PLN 9 million for the liquidation of PPE and IA (PLN 6 million in the comparative period).

6.4 Other operating income and expenses

	Period ended 31 March 2024	Period ended 31 March 2023
NET OTHER OPERATING INCOME/(EXPENSES)		
Valuation and exercise of derivatives, including:	287	(212)
CO_2	-	*(1)*
Lignite	*287*	*(211)*
Reversal of other provisions	208	40
Penalties, fines, damages	88	10
Creation of write-downs of receivables	(66)	(23)
PPE/IA and other infrastructure received free of charge	10	6
Grants	7	8
Gain/(Loss) on disposal of PPE/IA	7	2
Accounting for inventory shortages	(6)	(22)
Repair of damage and failure	(3)	(11)
Donations given	-	(5)
Other	(31)	(11)
TOTAL OTHER NET OPERATING INCOME/(EXPENSES)	**501**	**(218)**

6.5 Finance income and expenses

	Period ended 31 March 2024	Period ended 31 March 2023
NET FINANCE INCOME/(EXPENSES) FROM FINANCIAL INSTRUMENTS		
Interest, including:	(79)	97
Interest income calculated using the effective interest rate method	*74*	*184*
Revaluation	34	17
(Creation of) write-downs	(19)	(1)
Foreign exchange differences	(30)	16
Gain on disposal of investment	(3)	-
TOTAL NET FINANCE INCOME/(EXPENSES) FROM FINANCIAL INSTRUMENTS	**(97)**	**129**
OTHER NET FINANCE INCOME/(EXPENSES)		
Interest expense on non-financial items	(124)	(107)
Interest on liabilities to state budget	(1)	(2)
Other	(6)	(2)
TOTAL OTHER NET FINANCE INCOME/(EXPENSES)	**(131)**	**(111)**
TOTAL NET FINANCE INCOME/(EXPENSES)	**(228)**	**18**

The Group reports interest income mainly on cash held in bank accounts and deposits. Interest costs mainly relate to issued bonds, taken credits and loans, settled IRS transactions as well as leases. The costs of interest on lease liabilities in the current period amounted to PLN 20 million (PLN 12 million in the comparative period). Interest expense on non-financial items relates to provisions for land rehabilitation and provisions for employee benefits.

In the item (Creation) of write-downs, the Group presents in the current reporting period mainly the creation of a write-down for accrued interest on Autostrada Wielkopolska S.A. bonds. Revaluation costs result mainly from to the valuation of derivatives and embedded derivatives included in electricity sales contracts in the Renewable Power Generation segment.

6.6 Share in the result of entities accounted for using the equity method

Period ended 31 March 2024	Polimex Mostostal	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
SHARE OF VOTES	**16.24%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
Revenue	366	13	15	-	-	8
Result from continuing operations	(191)	1	1	-	(4)	(2)
Share in the result of entities accounted for using the equity method	**(31)**	**-**	**1**	**-**	**(2)**	**(2)**
Elimination of unrealised gains and losses	19	-	-	-	-	-
SHARE IN RESULT OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**(12)**	**-**	**1**	**-**	**(2)**	**(2)**
Other comprehensive income	11	-	-	-	-	-
SHARE IN OTHER COMPREHENSIVE INCOME OF ENTITIES ACCOUNTED FOR UNDER THE EQUITY METHOD	**2**	**-**	**-**	**-**	**-**	-

Period ended 31 March 2023	Polimex Mostostal	PEC Bogatynia	Energopomiar	PGE Soleo Kleszczów
SHARE OF VOTES	**16.26%**	**34.93%**	**49.79%**	**50.00%**
Revenue	818	7	17	-
Result from continuing operations	9	-	3	-
Share in the result of entities accounted for using the equity method	**1**	**-**	**1**	**-**
Elimination of unrealised gains and losses	(2)	-	-	-
SHARE IN RESULT OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**(1)**	**-**	**1**	**-**
Other comprehensive income	3	-	-	-
SHARE IN OTHER COMPREHENSIVE INCOME OF ENTITIES ACCOUNTED FOR UNDER THE EQUITY METHOD	**1**	**-**	**-**	**-**

The Group makes a consolidation adjustment relating to the margin on contracts performed by Polimex - Mostostal for the Group.

7. Write-downs of assets

In the current and comparative reporting periods, the Group did not make or reverse any significant write-downs of assets.

8. Income tax

8.1 Tax in the statement of comprehensive income

The major items of the income tax expense for the periods ended 31 March 2024 and 31 March 2023 are as follows:

	Period ended 31 March 2024	Period ended 31 March 2023
Current income tax expense	368	262
Adjustments concerning current income tax expense from previous years	(43)	49
Deferred income tax	(150)	287
Adjustments to deferred income tax	39	(48)
INCOME TAX EXPENSE RECOGNISED IN THE FINANCIAL RESULT	**214**	**550**
INCOME TAX EXPENSE RECOGNISED IN OTHER COMPREHENSIVE INCOME		
On valuation of hedging instruments	115	(91)
(Tax benefit)/tax charge recognised in other comprehensive income (equity)	**115**	**(91)**

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

9. Significant acquisitions and disposals of property, plant and equipment, intangible assets and rights to use assets

In the current reporting period, the Group purchased property, plant and equipment and intangible assets worth PLN 2,065 million. The largest expenditure was incurred by the Distribution segment (PLN 912 million) and the Gas-Fired Power Generation segment (PLN 441 million), spun-off from the Other Activities segment. The other expenditure incurred in the respective segments was as follows: Heat Generation – PLN 283 million, Renewable Power Generation – PLN 258 million, Conventional Power Generation – PLN 179 million, Railway Power Engineering – PLN 77 million and Other Activities – PLN 12 million.

The main expenditure items in the Distribution segment were connections of new customers to the distribution network (PLN 411 million), the Remote Meter Reading Programme (PLN 139 million) and the Cabling Programme (PLN 83 million).

Within the expenditure incurred in the Gas-Fired Power Generation segment, the main focus was on the construction of two CCGT units at PGE Gryfino 2050 sp. z o.o. (PLN 289 million) and the construction of a CCGT unit at Rybnik 2050 sp. z o.o. (PLN 152 million).

In the Conventional Power Generation segment, the main expenditure items were incurred: at the Bełchatów Power Plant – for the overhaul of unit 3 (PLN 28 million) and the refurbishment and reconstruction of the internal installations of absorbers 21, 3 and 4 (PLN 10 million), at the Turów Lignite Mine – for wind screens in the area of the ash bunker (PLN 12 million), at the Opole Power Plant – for the intermediate overhaul of unit 3 (PLN 8 million) and at the Turów Power Plant – for the adjustment of the power plant to the BAT conclusions (PLN 7 million).

In the Heat Generation segment, the main expenditure items were incurred for: the construction of line 2 of the thermal waste processing with energy recovery (TWPER) installation at the Rzeszów CHP plant (PLN 101 million), the construction of a new Czechnica CHP Plant (PLN 52 million) and the construction of a cogeneration source based on 5 gas engines in the Bydgoszcz CHP Plant (PLN 46 million).

In the Renewable Power Generation segment, significant expenditure was incurred for the implementation of the PV Programme (PLN 98 million) and the modernisation and maintenance of assets at pumped storage power plants (PLN 19 million), as well as the preparation for the construction of offshore farms, EWB2 (PLN 90 million) and EWB1 (PLN 23 million), respectively.

In the Railway Power Engineering segment, the largest expenditure items were incurred for the modernisation of MUZA power supply systems (PLN 41 million).

In the current reporting period, the Group incurred borrowing costs of PLN 97 million capitalised in the value of property, plant and equipment.

10. Future investment commitments

As at 31 March 2024 the Company had undertaken to incur expenditure on property, plant and equipment in the amount of approximately PLN 18.439 million. These amounts will be allocated mainly for the construction of offshore wind farms, new CCGT units, modernisation of assets of the Group's entities and purchase of machinery and equipment.

	As at 31 March 2024	As at 31 December 2023**
Renewable Power Generation *	10,322	8,938
Gas-Fired Power Generation	4,162	4,690
Distribution	2,236	2,530
Heat Generation	1,324	1,094
Conventional Power Generation	351	288
Railway Power Engineering	19	206
Other Activities	14	14
Trade	11	2
TOTAL FUTURE INVESTMENT COMMITMENTS	**18,439**	**17,762**

** The presented amounts include the PGE Capital Group's 50% share of joint operations as defined in IFRS 11 Joint Arrangements*
*** Data restated*

The most important future capital expenditure concerns the following projects:

- Renewable Power Generation – construction of the Baltica 2 wind farm in the Baltic Sea (including an agreement for the supply and installation of offshore wind turbines, a service and warranty agreement, an agreement for the design, manufacture and commissioning of offshore substations, an agreement for the supply of foundations, internal cables for the turbines) – an amount of approximately PLN 8.584 million; modernisation of the upper reservoir of the Porąbka-Żar pumped storage power plant – an amount of approximately PLN 878 million; design and construction of new photovoltaic installations in more than 40 different locations – an amount of approximately PLN 355 million; environmental studies together with an environmental impact report and acquisition of a decision on environmental conditions for the project covering the construction of the Baltica 1 wind farm in the Baltic Sea together with offshore and onshore connection infrastructure – an amount of approximately PLN 320 million.
- Gas-Fired Power Generation – construction of a CCGT power generation unit (Rybnik 2050 sp. z o.o.) – an amount of approximately PLN 2.861 million; construction of two CCGT power generation units and a service contract for two gas turbines (PGE Gryfino 2050 sp. z o.o.) – an amount of approximately PLN 1.269 million.
- Distribution – investment commitments related mainly to network distribution assets in the amount of approximately PLN 2.236 million.
- Heat Generation – construction of a cogeneration source based on a gas engine unit system with a capacity of up to 50 MWe for PGE EC S.A. Wybrzeże Branch – the Gdynia CHP Plant – approximately PLN 284 million; construction of a CCGT power plant called Czechnica-2 in Siechnice – an amount of approximately PLN 251 million; construction of a gas-fuelled cogeneration source based on gas engines and a reserve and peak heat generation source in Bydgoszcz – an amount of approximately PLN 223 million; construction of Line 2 of the Thermal Processing Plant with Energy Recovery in Rzeszów – an amount of approximately PLN 124 million.

11. Shares and interests accounted for using the equity method

	As at 31 March 2024	As at 31 December 2023
Polimex - Mostostal S.A., Warszawa	151	179
Energopomiar sp. z o.o., Gliwice	11	11
PGE Soleo Kleszczów sp. z o.o., Kleszczów	28	28
PGE PAK Energia Jądrowa S.A., Konin	16	4
Elester sp. z o.o., Łódź	229	231
PEC Bogatynia S.A.	-	-
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**435**	**453**

	Polimex Mostostal	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
SHARE OF VOTES	**16.24%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
As at 31 March 2024						
Current assets	1,516	9	24	44	29	85
Non-current assets	756	20	21	11	6	12
Current liabilities	1,229	6	18	-	3	25
Non-current liabilities	214	2	5	-	-	-
NET ASSETS	**829**	**21**	**22**	**55**	**32**	**72**
Share in net assets	**135**	**7**	**11**	**28**	**16**	**65**
Adjustment of fair value at purchase	16	-	-	-	-	164
Impairment write-down	-	(7)	-	-	-	-
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**151**	**-**	**11**	**28**	**16**	**229**

	Polimex Mostostal	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
SHARE OF VOTES	**16.22%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
As at 31 December 2023						
Current assets	1,761	9	25	44	6	99
Non-current assets	689	20	21	11	3	12
Current liabilities	1,197	7	22	-	2	25
Non-current liabilities	245	2	3	-	-	11
NET ASSETS	**1,008**	**20**	**21**	**55**	**7**	**75**
Share in net assets	**163**	**7**	**11**	**28**	**4**	**67**
Adjustment of fair value at purchase	16	-	-	-	-	164
Impairment write-down	-	(7)	-	-	-	-
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**179**	**-**	**11**	**28**	**4**	**231**

12. Joint activities

Based on an analysis of the agreements between the PGE Capital Group and the Ørsted companies holding 50% of shares, the PGE Capital Group assessed that EWB2 and EWB3 constitute a so-called joint operation within the meaning of IFRS 11 *Joint Arrangements*.

13. Deferred tax in the statement of financial position

13.1 Deferred income tax assets

	As at 31 March 2024	As at 31 December 2023
Difference between tax and current book values of property, plant and equipment	3,333	3,312
Provision for land rehabilitation	95	85
Provision for employee benefits	834	822
Provision for purchase of CO_2 emission allowances	5,056	3,965
Difference between tax and current book values of liabilities	638	693
Difference between carrying amount and tax value of right-of-use assets	270	273
Tax losses	2,365	1,125
Other provisions	283	336
Difference between tax and current book values of financial assets	252	348
Compensations for PPA	95	95
Liabilities from recognised compensation under the Electricity Pricing Act	21	140
Difference between tax and current book values of financial assets	56	100
Infrastructure acquired free of charge and received grid connection fees	111	109
Other	47	40
TOTAL DEFERRED INCOME TAX ASSETS	**13,456**	**11,443**

13.2 Deferred tax liabilities

	As at 31 March 2024	As at 31 December 2023
Difference between tax and current book values of property, plant and equipment	5,199	5,070
CO_2 emission allowances	3,922	1,979
Difference between tax and current book values of financial assets	751	805
Difference between balance sheet and tax value of lease liabilities	345	342
Receivables from recognised compensation under the Electricity Pricing Act	253	288
Receivables from recognised compensation pursuant to the Act on preferential purchase of solid fuel	88	84
Difference between tax and current book values of energy origin property rights	-	3
Difference between tax and current book values of financial liabilities	51	22
Other	130	131
TOTAL DEFERRED INCOME TAX LIABILITIES	**10,739**	**8,724**

The Group's deferred tax after offsetting assets and liabilities in the particular companies

Deferred income tax assets	4,036	3,774
Deferred income tax liabilities	(1,319)	(1,055)

14. Inventories

	As at 31 March 2024	As at 31 December 2023
Coal	1,490	2,022
Repair and maintenance materials	815	798
Mazout	43	46
Other materials	180	165
TOTAL MATERIALS	**2,528**	**3,031**
Green property rights	167	268
Other property rights	26	15
TOTAL ENERGY ORIGIN RIGHTS	**193**	**283**
CO_2 emission allowances held for sale	1	1
Hard coal held for sale	304	343
Other goods	29	5
TOTAL GOODS	**334**	**349**
OTHER INVENTORIES	**104**	**110**
TOTAL INVENTORIES	**3,159**	**3,773**

15. CO_2 emission allowances for captive use

EUA	As at 31 March 2024		As at 31 December 2023	
	Long-term	Short-term	Long-term	Short-term
Quantity (Mg million)	**0**	**50**	**0**	**26**
Value (PLN million)	**69**	**20,805**	**20**	**10,517**

EUA	Quantity (Mg million)	Value (PLN million)
As at 1 January 2023	**20**	**4,868**
Purchase/Sale	81	28,491
Granted free of charge	1	-
Redemption	(76)	(22,822)
As at 31 December 2023	**26**	**10,537**
Purchase/Sale	24	10,337
Granted free of charge	0	-
Redemption	-	-
As at 31 March 2024	**50**	**20,874**

16. Selected financial assets

The value of financial receivables measured at depreciated cost constitutes a reasonable approximation of their fair values.

16.1 Trade receivables and other financial receivables

	As at 31 March 2024		As at 31 December 2023	
	Long-term	Short-term	Long-term	Short-term
Trade receivables	-	6,462	-	6,736
Deposits and loans	253	-	240	-
Receivables from due recognised compensation	-	1,824	-	2,013
Deposits, securities and collaterals	11	689	9	1,275
Settlements related with stock market transactions	-	551	-	162
High efficiency cogeneration support system	-	21	-	243
Damages and penalties	-	21	-	11
Other financial receivables	3	54	5	76
FINANCIAL RECEIVABLES	**267**	**9,622**	**254**	**10,516**

Deposits, securities and collateral mainly relate to transaction and hedging deposits in the electricity and emission allowances markets.

16.2 Cash and cash equivalents

Short-term deposits are placed for various maturities, ranging from one day to one month, depending on the Group's current cash requirement.

The balance of cash and cash equivalents comprises the following items:

	As at 31 March 2024	As at 31 December 2023
Cash at bank and in hand	2,616	2,760
Overnight deposits	59	103
Short-term deposits	45	236
Proceeds from share issue	1,231	1,309
Funds in VAT accounts	372	1,625
TOTAL	**4,323**	**6,033**
Undrawn credit facilities as at reporting date	5,108	5,692
including overdraft facilities	*2,467*	*2,272*

A detailed description of credit agreements is presented in note 21.1 to these financial statements.

The value of cash includes restricted cash in the amount of PLN 296 million (PLN 419 million in the comparative period), held in customer accounts of PGE Dom Maklerski S.A. as collateral for settlements with the Warsaw Commodity Clearing House.

17. Other current and non-current assets

17.1 Other non-current assets

	As at 31 March 2024	As at 31 December 2023
Prepayments for property, plant and equipment under construction	976	985
Customer acquisition costs	99	102
Prepayments for deliveries	-	2
Other non-current assets	52	58
TOTAL OTHER ASSETS	**1,127**	**1,147**

Prepayments for property, plant and equipment under construction mainly relate to the construction of a CCGT unit by Rybnik 2050 sp. z o.o., the modernisation of the Porąbka-Żar pumped storage power plant by PGE EO S.A., the construction of two CCGT units by PGE Gryfino 2050 sp. z o.o., the construction of Baltica 1 and Baltica 2 wind farms in the Baltic Sea and investments made in the Heat Generation segment.

Customer acquisition costs relate to co-financing by PGE Energia Ciepła S.A. of investments in the development of district heating networks and agency commissions in PGE Obrót S.A.

17.2 Other current assets

	As at 31 March 2024	As at 31 December 2023
PREPAYMENTS AND DEFERRED EXPENSES		
Customer acquisition costs	77	79
Long-term contracts	47	37
Property tax	34	-
Fees for road lane usage and machinery deployment	34	-
Property and tort insurance	29	28
IT services	24	24
Mining usage fees	18	-
Logistic costs related to purchase of coal	11	9
Company Social Benefits Fund	6	12
Other prepayments and deferred expenses	43	13
OTHER CURRENT ASSETS		
Input VAT receivables	1,112	2,474
Prepayments for deliveries	301	464
Excise tax receivables	9	7
Other current assets	34	34
TOTAL OTHER ASSETS	**1,779**	**3,181**

18. Derivatives and other assets measured at fair value through profit or loss

	As at 31 March 2024	
	Assets	Liabilities
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS		
Currency forwards	15	30
Commodity SWAP	27	16
Contracts for purchase/sale of coal	62	7
Derivatives embedded in commercial contracts	-	383
Options	13	-
HEDGING DERIVATIVES		
CCIRS hedging transactions	4	-
IRS hedging transactions	239	-
Currency forward - EUR	5	1,007
OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS		
Investment fund participation units	33	-
TOTAL	**398**	**1,443**
short-term part	94	1,096
long-term part	304	347

	As at 31 December 2023	
	Assets	Liabilities
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS		
Currency forwards	3	25
Commodity SWAP	65	14
Contracts for purchase/sale of coal	78	19
Derivatives embedded in commercial contracts	-	410
Options	13	-
HEDGING DERIVATIVES		
CCIRS hedging transactions	4	-
IRS hedging transactions	193	-
Currency forward - EUR	7	1.565
OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS		
Investment fund participation units	31	-
TOTAL	**394**	**2,033**
short-term part	116	1,682
long-term part	278	351

Commodity and currency forwards

Commodity and currency forward transactions mainly relate to trade in CO_2 emission allowances and lignite sales. To recognise forward currency transactions related to the purchase of CO_2 emission allowances, the Group applies hedge accounting.

Options

On 20 January 2017, PGE S.A. acquired from Towarzystwo Finansowe Silesia Sp. z o.o. a call option to purchase shares in Polimex-Mostostal S.A. The option was measured using the Black-Scholes method.

Coal swaps

PGE Paliwa sp. z o.o., in order to hedge the commodity risk related to the price of imported coal, entered into a number of transactions to hedge this risk, using commodity swaps for coal. The number and value of these transactions is correlated to the quantity and value of imported coal. Changes in fair value are recognised in profit or loss.

Purchase and sales contracts with physical delivery of coal

PGE Paliwa sp. z o.o. measures all of its sales and purchase contracts with physical delivery of coal at fair value using the trader-broker model.

Derivatives embedded in commercial contracts

As part of the purchased wind farms, the PGE Capital Group also acquired derivatives embedded in commercial contracts. The design of the instruments involves the delivery of the contracted capacity each day, for the duration of the contracts.

IRS transactions

The Group has active IRS transactions to hedge the interest rate on its credits and issued bonds. Their total original nominal value amounted to PLN 3,400 million (PLN 2,000 million for credits and PLN 1,400 million for bonds). In connection with the commencement of the repayment of the principal amount of certain credits, the current nominal amount of IRS transactions hedging the credits is PLN 1.125 million. To recognise these IRS transactions, the Group uses hedge accounting. The impact of hedge accounting on the revaluation reserve is presented in note 19.2 to these consolidated financial statements.

CCIRS hedging transactions

In connection with loan agreements entered into with PGE Sweden AB (publ), PGE S.A. concluded CCIRS transactions hedging the exchange rate for both the principal amount and interest. In these transactions, banks-counterparties pay PGE S.A. interest based on a fixed rate in EUR and PGE S.A. pays interest based on a fixed rate in PLN. In the consolidated financial statements, a relevant part of CCIRS transactions is treated as a hedge of bonds issued by PGE Sweden AB (publ). To recognise these CCIRS transactions, the Company uses hedge accounting.

Investment fund participation units

At the reporting date, the Company holds units in three TFI Energia S.A. sub-funds.

19. Equity

The basic guideline in the Group's capital management policy is to maintain the optimum structure of capital in the long perspective, to ensure the PGE Capital Group's good financial standing and safe capital structure measures supporting its operations. It is also very important to maintain a strong capital base constituting a foundation for the building of trust in future investors, creditors and the market with a view to ensuring the PGE Capital Group's future growth.

19.1 Share capital

	As at 31 March 2024	As at 31 December 2023
1,470,576,500 A series ordinary shares with a par value of PLN 8.55 each	12,574	12,574
259,513,500 Series B ordinary shares with a par value of PLN 8.55 each	2,219	2,219
73,228,888 Series C ordinary shares with a par value of PLN 8.55 each	626	626
66,441,941 Series D ordinary shares with a par value of PLN 8.55 each	568	568
373,952,165 Series E ordinary shares with a par value of PLN 8.55 each	3,197	3,197
TOTAL SHARE CAPITAL	**19,184**	**19,184**

All of the Company's shares are paid up.

After the reporting date and before the date on which these financial statements were prepared, there had been no changes in the value of the Company's share capital.

Shareholder rights – the State Treasury's rights related to the Company's operations

The Company is a member of the PGE Capital Group, with respect to which the State Treasury holds special rights as long as it remains its shareholder.

The State Treasury's special rights which may be exercised with respect to the companies belonging to the PGE Capital Group are specified in the Act of March 18, 2010 on special rights of a minister competent for energy affairs and their exercise with respect to certain capital companies or capital groups conducting business activities in the electricity, petrol, and gaseous fuels sectors (the consolidated text: Journal of Laws of 2020, item 2173). The Act specifies special rights held by the minister competent for energy affairs with respect to capital companies or capital groups conducting business activities in the electricity, petrol, and gaseous fuels sectors whose assets are disclosed in the standardized specification of facilities, installations, equipment and services included in the composition of the critical infrastructure.

On the basis of the provisions in question, the minister responsible for state assets may object to a resolution adopted by the Management Board or any other legal action carried out by the Management Board, the object of which is the disposal of an asset posing a threat to the functioning, continuity of operation and integrity of critical infrastructure. An objection could also be filed against the Company governing bodies' resolutions concerning the following issues:

- the dissolution of the Company,
- changes in the use of, or refusal to use, an asset constituting a component of the critical infrastructure,
- changes in the objects of the Company,
- the disposal or lease of an enterprise or its organised part, or the establishment of a limited property right thereon,
- the adoption of a material and financial plan, a capital expenditures plan, or a long-term strategic plan,
- the transfer of the Company's registered office abroad,

if the implementation of such a resolution could constitute a real threat to the functioning, operational continuity, and integrity of the critical infrastructure.

Such an objection is stated in the form of an administrative decision.

19.2 Hedging reserve

	Period ended 31 March 2024	Year ended 31 December 2023
As at 1 January	**(1,095)**	**(32)**
Change in hedging reserve, including:	**603**	**(1,313)**
Measurement of hedging instruments, including:	**584**	**(1,325)**
Recognition of the effective portion of change in fair value of hedging financial instruments in the part considered as effective hedge	*601*	*(1,396)*
Accrued interest on derivatives transferred from hedging reserve and recognised in interest expense	*(25)*	*25*
Currency revaluation of CCIRS transaction transferred from hedging reserve and recognised in foreign exchange gains/losses	*7*	*49*
Ineffective portion of change in fair value of hedging derivatives recognised in profit or loss	*1*	*(3)*
Measurement of other financial instruments	**19**	**12**
Deferred tax	**(115)**	**250**
HEDGING RESERVE AFTER DEFERRED TAX	**(607)**	**(1,095)**

The hedging reserve includes mainly valuation of hedging instruments to which cash flow hedge accounting is applied.

19.3 Dividends paid and proposed

In the reporting and comparative periods, the Company did not distribute dividends.

20. Provisions

The current book value of the provisions is as follows:

	As at 31 March 2024		As at 31 December 2023	
	Long-term	Short-term	Long-term	Short-term
Employee benefits	3,337	364	3,329	372
Provision for land rehabilitation	6,501	12	6,360	10
Provision for the shortage of CO_2 emission allowances	-	26,954	-	21,211
Provision for value of property rights held for redemption	-	470	-	526
Onerous agreements	-	626	-	835
Other provisions	54	290	57	309
TOTAL PROVISIONS	**9,892**	**28,716**	**9,746**	**23,263**

The discount rate for the provision for land rehabilitation costs as at 31 March 2024 and in the comparative period is:

- for expenditure expected to be incurred within 15 years of the balance sheet date – 5.1%,
- for expenditure expected to be incurred within from 16 to 25 years from the balance sheet date – 5.5%; PGE extrapolation according to the adopted method,
- for expenditure expected to be incurred after 25 years from the balance sheet date – 5.67%; PGE extrapolation according to the adopted method.

The discount rate for the provision for employee benefits and other provisions for land rehabilitation costs at 30 March 2024 is 5.1%.

Change in provisions

	Employee benefits	Provision for land rehabilitation costs	Provision for costs of CO_2 emissions	Provision for property rights to be redeemed	Onerous agreements	Other	Total
1 January 2024	**3,701**	**6,370**	**21,211**	**526**	**835**	**366**	**33,009**
Current employment costs	31	-	-	-	-	-	31
Interest costs	44	80	-	-	-	-	124
Benefits paid / Provisions used	(75)	-	-	(196)	-	(41)	(312)
Provisions reversed	-	-	-	-	(209)	(10)	(219)
Established reserves - costs	-	49	5,743	140	-	19	5,951
Provisions recognised – expenditure	-	12	-	-	-	-	12
Other changes	-	2	-	-	-	10	12
31 March 2024	**3,701**	**6,513**	**26,954**	**470**	**626**	**344**	**38,608**

	Employee benefits	Provision for land rehabilitation costs	Provision for costs of CO_2 emissions	Provision for property rights to be redeemed	Onerous agreements	Other	Total
1 January 2023	**2,486**	**4,142**	**20,318**	**271**	**86**	**283**	**27,586**
Actuarial gains and losses	536	-	-	-	-	-	536
Current employment costs	126	-	-	-	-	-	126
Past employment costs	53	-	-	-	-	-	53
Interest costs	182	292	-	-	-	-	474
Adjustment to discount rate and other assumptions	471	1,854	-	-	-	-	2,325
Benefits paid / Provisions used	(299)	-	(22,821)	(739)	-	(87)	(23,946)
Provisions reversed	-	(22)	(2)	(5)	(86)	(54)	(169)
Established reserves - costs	-	48	23,716	871	835	122	25,592
Provisions recognised – expenditure	-	48	-	-	-	-	48
Change in composition of CG	141	5	-	128	-	107	381
Other changes	5	3	-	-	-	(5)	3
31 December 2023	**3,701**	**6,370**	**21,211**	**526**	**835**	**366**	**33,009**

20.1 Provision for employee benefits

Provisions for employee benefits mainly comprise:

- post-employment benefits – PLN 2,694 million as at 31 March 2024 and in the comparative period,
- jubilee awards – PLN 1,001 million as at 31 March 2024 and in the comparative period,
- incentive bonuses – PLN 6 million as at 31 March 2024 and in the comparative period.

20.2 Provision for land rehabilitation

Provision for the rehabilitation of mine workings

The PGE Capital Group creates provisions for the rehabilitation of final workings. The amount of the provision presented in the financial statements includes also the value of the Mining Plant Liquidation Fund established in accordance with the Geology and Mining Law Act. As at 31 March 2024 the value of the provision was PLN 5.791 million and PLN 5.695 million as at 31 December 2023.

Provision for the rehabilitation of the ash disposal sites

The power plants create a provision for the rehabilitation of the furnace waste disposal sites. As at 31 March 2024, the provision amounted to PLN 302 million (PLN 256 million as at the end of the comparative period).

Provision for the rehabilitation of the wind farm sites

The companies that own wind farms create a provision for the rehabilitation of wind farm sites. As at 31 March 2024, the provision amounted to PLN 2 million (PLN 7 million as at the end of the comparative period).

Property, plant and equipment liquidation costs

As at the reporting date, the provision amounted to PLN 418 million (PLN 412 million as at the end of the comparative period) and refers to some assets of the Conventional Power Generation and Renewable Power Generation segments.

20.3 Provision for costs of CO_2 emissions

The provision is created on the basis of the value of allowances obtainable for a fee or free of charge. Since 2020 the Group has been entitled to free allowances for heat generation only. Despite the change in the legislation regarding the timing of the CO_2 emission allowances redemption obligations and the postponement of the redemption date for the year until the following September, the Group presents the provision in the short-term portion, as this liability will be settled during the course of the Group's normal operating cycle. As at 31 March 2024, the provision amounted to PLN 26.954 million (PLN 21.211 million as at the end of the comparative period).

20.4 Provision for property rights to be redeemed

The PGE Group companies create a provision for the value of energy origin property rights relating to sales carried out during the reporting period or in the prior reporting periods, for the part unredeemed before the reporting date. As at 31 March 2024, the provision amounted to PLN 470 million (PLN 526 million in the comparative period) and was recognised mainly by PGE Obrót S.A.

20.5 Provision for onerous agreements

On 15 December 2023, the President of the Energy Regulatory Office issued a decision approving the electricity tariff for customers in tariff group G, for the period from 1 January 2024 to 31 December 2024.

The approved tariff does not fully cover the costs of purchasing electricity resulting from previously concluded purchase contracts, property rights and the costs of regulated activities. Accordingly, on 31 December 2023, the company established a provision for onerous contracts with customers in Gx tariff groups in 2024. The provision was estimated in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, according to which unavoidable costs of contract fulfilment include both variable costs (energy, property rights) and the company's own costs related to providing services to Gx customers and incurred by PGE Obrót S.A., exclusive of general administrative expenses. As at 31 March 2024, the provision amounted to PLN 570 million (PLN 761 million in the comparative period).

In addition, PGE Obrót S.A. recognised a provision due to the extension of the maximum price for micro, small and medium enterprises and local government units to the first half of 2024. PGE Obrót S.A. is obliged to apply maximum prices in settlements with eligible customers until 30 June 2024, also when the cost of electricity purchase for the performance of these contracts is significantly higher than the maximum price. As at 31 March 2024, the provision amounted to PLN 56 million (PLN 74 million in the comparative period).

20.6 Other provisions

Provision for potential claims from counterparties

Provisions for potential claims from counterparties consist of provisions created by ENESTA sp. z o.o. in restructuring (PLN 60 million).

In addition, in 2021, the Group recognised a provision in the amount of PLN 39 million in connection with the sale of shares in PGE EJ1 sp. z o.o. to the State Treasury. Pursuant to the concluded Agreement regulating the liability of the existing Shareholders for the costs of the dispute with Worley Parsons, PGE S.A. may be obliged to cover the costs of the dispute in the maximum amount of PLN 98 million if it loses. The amount of PLN 59 million is disclosed in contingent liabilities, in note 23.1.

21. Financial liabilities

The value of financial liabilities measured at amortised cost is a reasonable approximation of their fair value, except for bonds issued by PGE Sweden AB (publ).

Bonds issued by PGE Sweden AB (publ) are based on a fixed interest rate. As at 31 March 2024, their value at amortised cost, as disclosed in these financial statements, amounted to PLN 605 million and their fair value was PLN 552 million.

21.1 Credits, loans, bonds and leases

	As at 31 March 2024		As at 31 December 2023	
	Long-term	Short-term	Long-term	Short-term
Credits and loans	7,007	7,322	7,018	4,376
Bonds issued	1,992	47	1,999	18
Lease	1,362	136	1,367	119
TOTAL CREDITS, LOANS, BONDS AND LEASES	**10,361**	**7,505**	**10,384**	**4,513**

Credits and loans

As at 31 March 2024 and 31 December 2023, the PGE Capital Group reported the following loans and credits:

Creditor	Hedging instrument	Date of maturity	Limit in currency	Currency	Interest rate	Liability at 31-03-2024	Liability at 31-12-2023
Bank consortium	-	2027-03-01	3,150	PLN	Variable	3,155	1,501
European Investment Bank	-	2041-03-15	2,000	PLN	Fixed	2,007	2,041
Bank Gospodarstwa Krajowego	-	2027-02-19	1,500	PLN	Variable	1,500	-
European Investment Bank	-	2034-08-25	1,500	PLN	Fixed	1,326	1,317
Bank Pekao S.A.	-	2024-12-22	1,150	PLN	Variable	861	37
PKO BP S.A.	-	2025-12-31	1,000	PLN	Variable	860	767
European Investment Bank	-	2041-03-15	850	PLN	Variable	853	867
European Investment Bank	-	2041-03-15	550	PLN	Fixed	551	562
Bank Gospodarstwa Krajowego	IRS	2027-12-31	1,000	PLN	Variable	509	501
European Investment Bank	-	2034-08-25	490	PLN	Fixed	434	431
European Bank for Reconstruction and Development	IRS	2028-06-06	500	PLN	Variable	320	315
Bank Gospodarstwa Krajowego	IRS	2028-12-31	500	PLN	Variable	318	313
European Investment Bank	-	2038-10-16	273	PLN	Fixed	275	274
Bank Pekao S.A.	-	2024-10-31	40	USD	Variable	121	151
Bank Gospodarstwa Krajowego	-	2026-09-29	2,000	PLN	Variable	242	1,320
Bank Gospodarstwa Krajowego	-	2028-11-28	2,500	PLN	Variable	-	-
ING	-	2024-06-30	57	PLN	Variable	-	-
PKO BP S.A.	-	2024-06-30	183	PLN	Variable	-	-
NEPWMF	-	December 2028 – June 2043	240	PLN	Fixed	86	86
NEPWMF	-	June 2024 – June 203	1,057	PLN	Variable	780	772
PEPWMF	-	September 2026	9	PLN	Fixed	4	4
PEPWMF	-	March 2026 – December 2029	213	PLN	Variable	127	135
TOTAL BANK CREDITS AND LOANS						**14,329**	**11,394**

As at 31 March 2024, the value of available overdraft facilities in the major companies of the PGE Capital Group amounted to PLN 2.467 million. The repayment dates of granted overdraft facilities in the current accounts of the major PGE Group companies fall in the years 2024 – 2026.

In the period ended 31 March 2024 and after the reporting date there were no defaults or breaches of other terms and conditions of the credit agreements.

Bonds issued

Issuer	Hedging instrument	Date maturity of programme	Limit in programme currency	Currency	Interest rate	Tranche issue date	Tranche maturity date	Liability at 31-03-2024	Liability at 31-12-2023
PGE S.A.	IRS	indefinite	5.000	PLN	Variable	2019-05-21	2029-05-21	1,024	1,007
						2019-05-21	2026-05-21	410	402
PGE Sweden AB (publ)	CCIRS	indefinite	2.000	EUR	Fixed	2014-08-01	2029-08-01	605	608
TOTAL BONDS ISSUED								**2,039**	**2,017**

21.2 Trade payables and other financial liabilities

	As at 31 March 2024		As at 31 December 2023	
	Long-term	Short-term	Long-term	Short-term
Trade payables	-	4,487	-	4,715
Compensation	-	127	-	420
Purchase of PPE and IA	1	1,445	3	1,647
Security deposits received	41	180	50	178
Liabilities on account of LTC	355	20	355	20
Insurance	-	2	-	6
Other	115	406	116	623
TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES	**512**	**6,667**	**524**	**7,609**

The item "Other" includes, among other elements, the estimated liabilities of PGE Obrót resulting from the tariff regulation described in more detail in note 26.4 to these financial statements; liabilities of PGE Dom Maklerski S.A. to its customers for cash payments.

22. Other non-financial liabilities

The main components of other non-financial liabilities as at the respective reporting dates are as follows:

22.1 Other non-current non-financial liabilities

	As at 31 March 2024	As at 31 December 2023
TOTAL OTHER NON-CURRENT LIABILITIES		
Contract liabilities	168	170
Other	1	1
TOTAL OTHER NON-CURRANT LIABILITIES	**169**	**171**

22.2 Other current non-financial liabilities

	As at 31 March 2024	As at 31 December 2023
OTHER CURRENT LIABILITIES		
Liabilities related to output VAT	236	951
Excise tax liabilities	35	34
Contract liabilities	948	1,103
Liabilities related to payments to WRC Fund	138	782
Environmental fees	105	200
Payroll liabilities	283	393
Bonuses for employees	217	371
Accrued annual leave and other employee benefits	543	350
Awards for Management Boards	26	22
Personal income tax	69	122
Social insurance liabilities	305	370
Other	107	80
TOTAL OTHER CURRENT LIABILITIES	**3,012**	**4,778**

The item ‘Other’ mainly comprises liabilities relating to payments to the Employees’ Pension Scheme, deductions from employees’ wages and salaries, as well as payments to the State Fund for the Rehabilitation of Disabled Persons.

Contract liabilities

Contract liabilities mainly include advances for deliveries and prepayments made by customers for connection to the distribution grid as well as forecasts for electricity consumption concerning future periods.

OTHER EXPLANATORY NOTES

23. Contingent receivables and payables. Litigation

23.1 Contingent liabilities

	As at 31 March 2024	As at 31 December 2023
Contingent return of grants from environmental and developmental funds	537	536
Liabilities related to legal actions	106	106
Liabilities related to bank guarantees securing currency exchange transactions	85	400
Perpetual usufruct of land	60	60
Other contingent liabilities	72	75
TOTAL CONTINGENT LIABILITIES	**860**	**1,177**

Contingent return of grants from environmental funds

The liabilities represent the value of possible future reimbursements of financing received by the PGE Capital Group companies from environmental and developmental funds for certain investment projects. The received financing will have to be returned if investment projects for which they were granted do not bring the expected effect.

Liabilities related to legal actions

In connection with the sale of shares in PGE EJ1 sp. z o.o. to the State Treasury, which took place in 2021, and in accordance with the concluded Agreement regulating the liability of the existing Shareholders for the costs of the dispute with Worley Parsons, PGE S.A. may be obliged to cover the costs of the dispute in the maximum amount of PLN 98 million if the dispute is lost. Therefore, for the purpose of determining the fair value of the payment received, the probability of losing the dispute was estimated. As a result, an amount of PLN 59 million was recognised in contingent liabilities and an amount of PLN 39 million in short-term provisions.

Liabilities also represent the value of litigation in the amount of PLN 32 million arising from the realisation of investments in PGE GiEK S.A., the Turów Power Plant branch.

Bank guarantee liabilities

These liabilities represent sureties issued by PGE Capital Group companies for bank guarantees provided as a deposit to secure exchange transactions resulting from the membership in the Warsaw Commodity Clearing House.

Perpetual usufruct of land

Contingent liabilities for perpetual usufruct of land are related to the updated annual fees for perpetual usufruct of land. The Branches of PGE GiEK S.A. filed appeals against received decisions to the Local Government Appeal Boards. The value of the contingent liability was measured as the difference between the discounted sum of the updated fees for perpetual usufruct for the whole period for which the perpetual usufruct was established and the liability for perpetual usufruct of land, which was recognised in the books on the basis of previously paid fees.

Other contingent liabilities

In August 2022, a "Cost Reimbursement Agreement" was signed between EWB1, EWB2 and EWB3 and the company carrying out the construction of the installation port. The agreement provides the works contractor with reimbursement of the costs incurred in connection with the construction of the installation port in the event that the companies do not continue with the investment project in question. The value of the contingent liability is estimated at EUR 6.5 million and PLN 10 million, and with respect to the individual companies, the reimbursement payment will be made on a 33.33% basis to each company. Accordingly, the potential value of the liability on the part of the PGE Capital Group, taking into account the shares referred to in note 1.3.2, was estimated at PLN 25.3 million.

In addition, EWB2 entered into a number of contracts related to the construction phase of the Baltica 2 offshore wind farm. The potential value of contingent liabilities on the part of the PGE Capital Group, taking into account the shares referred to in note 1.3.2, was estimated at PLN 29 million.

23.2 Other significant issues related to contingent liabilities

Non-contractual use of property

The PGE Capital Group established a provision for legal disputes concerning non-contractual use of real property for distribution purposes. Furthermore, the PGE Capital Group is involved in disputes that are at early stages of proceedings and it cannot be excluded that the number and value of similar disputes will increase in the future.

Contractual liabilities related to fuel purchases

According to the concluded agreements for the purchase of fuels (mainly coal and gas), the PGE Capital Group is obliged to receive a specified minimum volume of fuels and not to exceed a specified maximum level of gas consumption in particular periods. A failure to receive the minimum volumes of fuels or collection of more than the maximum volumes of fuels specified in the agreements may result in the necessity to pay relevant fees (in the case of one agreement for the purchase of the gaseous fuel, the volumes paid for, but not received, may be received within the next three contractual years).

In the current reporting period, ORLEN S.A. charged PGE Gryfino 2050 sp. z o.o. PLN 6.9 million net for failure to collect the minimum contractual quantities of gas fuel. As at the date of these financial statements, the above amount has not been paid, as clarification with the supplier regarding the calculation of the above fee is ongoing. As at 31 March 2024, the Group presents a provision of PLN 6.9 million in liabilities for this purpose.

In the opinion of the PGE Capital Group, the terms and conditions of fuel supplies to its generation facilities as described above do not differ from the terms and conditions of fuel supplies to other generators in the Polish market.

Obligations to maintain fuel stocks

Pursuant to the applicable regulations, a power company generating electricity or heat is obliged to maintain stocks of fuel in quantities sufficient to ensure continuity of supply of electricity or heat to consumers.

In previous reporting periods, there were several breaches of the requirements to maintain minimum coal stocks in PGE GiEK S.A.'s hard coal-fired power generation units (Opole Power Plant, Dolna Odra Power Plant, Rybnik Power Plant). The failure to maintain minimum levels of hard coal stocks and the problems with restoration of these stocks in the power plants were influenced by a number of factors beyond the Group's control.

According to the provisions of Article 56(1)(2) of the Energy Act, a financial penalty is imposed on anyone, who does not comply with the obligation to maintain fuel stocks, (...), or does not replenish them in time, (...). It should be pointed out that the very fact of not complying with a prohibition or obligation provided for in the Energy Act results in the imposition of a penalty by the ERO President. Pursuant to Article 56(3) of the Energy Law, the amount of the penalty may not be less than PLN 10,000 and more than 15% of the penalised entrepreneur's revenue earned in the preceding fiscal year, and if the penalty is connected with activity conducted on the basis of a licence, the amount of the penalty may not be less than PLN 10,000 and may not be higher than 15% of the penalised entrepreneur's revenue from the licensed activity in the previous fiscal year.

Until the date of the preparation of these financial statements, no penalty was imposed on PGE GiEK S.A. for failure to meet the obligation to maintain and restore coal stocks at an appropriate level. As at the date of preparation of these financial statements, the level of coal stocks was maintained at the required level.

Taking into account the above, the reasons, for not meeting and building the required minimum coal stocks by the set deadline, which cannot be attributed to the PGE Capital Group, as well as the fact that PGE GiEK S.A. has no previous record on this account, should constitute premises for appropriate mitigation of the penalty. Due to the low value of the arrears, PGE S.A. estimates that the value of a potential penalty imposed should not be material, so no provision for this is recognised in these financial statements.

Funds from an increase in the Company's share capital

On 5 April 2022, an investment agreement was concluded between PGE S.A. and the State Treasury concerning the acquisition by the State Treasury of shares issued as a result of the share capital increase. According to the provisions of the agreement, funds raised from the share issue in the amount of PLN 3.2 billion are used exclusively for investments in the area of renewable energy, decarbonisation and distribution. The manner in which funds from the issue are spent is subject to detailed reporting and auditing. On 26 April 2023, the contract was annexed due to the need to adjust the expenditure schedule to the various investment tasks. Disbursement of funds contrary to the provisions of the investment agreement may result in financial penalties or even the necessity to return the funds. The PGE Group uses the funds in accordance with the investment agreement.

"Cancellation fees" in EWB2

During 2023 the company EWB2 entered into contracts for the construction phase of the ongoing Baltica 2 Offshore Wind Farm project. There are provisions in these contracts according to which, in the event that the Final Investment Decision is not made and all concluded contracts are consequently cancelled, EWB2 will be obliged to pay cancellation fees. Accordingly, the potential value of the liability on the part of the PGE Capital Group, taking into account the shares referred to in note 1.3.2, was estimated at EUR 207.3 million. Given the progress of work on the Baltica 2 Offshore Wind Farm project, EWB2 assesses the need to incur cancellation fees as negligible. Accordingly, no liability or contingent liability was recognised on this account.

23.3 Other court cases and disputes

Matter of compensation for share conversion

On 12 November 2014 Socrates Investment S.A. (an entity that purchased claims from the former shareholders of PGE Górnictwo i Energetyka S.A.) filed a lawsuit requesting that the court award it compensation in the total amount of over PLN 493 million (plus interest) for damage incurred in respect of the incorrect (in its opinion) determination of the share exchange ratio applied in the merger of PGE Górnictwo i Energetyka S.A. and PGE S.A. The Company filed a response to the claim. On 15 November 2017, the Company received the plaintiff's statement – an amendment to the claim – increasing the amount claimed in the lawsuit to PLN 636 million. At present the first instance court proceedings are underway. No trial date has been set.

In addition, a similar claim was submitted by Pozwy Sp. z o.o., which had bought claims from the former shareholders of PGE Elektrownia Opole S.A. Pozwy sp. z o.o. filed a lawsuit to the Regional Court in Warsaw against PGE GiEK S.A., PGE S.A. and PwC Polska sp. z o.o. (hereinafter referred to as Respondents) requesting that the Respondents be ordered, in solidum, or jointly and severally, to pay for the benefit of Pozwy sp. z o.o. compensation in the total amount of over PLN 260 million with interest for the allegedly incorrect (in its opinion) determination of the exchange ratio of PGE Elektrownia Opole S.A. shares for PGE GiEK S.A. shares in the process of the merger of these companies. This lawsuit was served on PGE S.A. on 9 March 2017 and the deadline for filing a response to the lawsuit was set by the court at 9 July 2017. The companies PGE S.A. and PGE GiEK S.A. submitted a response to the claim on 8 July 2017. On September 28, 2018, the District Court in Warsaw ruled in the first instance and the lawsuit by Pozwy sp. z o.o. against PGE S.A., PGE GiEK S.A. and PWC Polska sp. z o.o. was dismissed. On 8 April 2019, PGE S.A. received a copy of the appeal filed by the claimant on 7 December 2018. PGE S.A. and PGE GiEK S.A.'s response to the appeal was prepared on 23 April 2019. The hearing was held on 21 December 2020. The Court of Appeal issued a verdict in which it overturned the appealed verdict of the District Court in its entirety and returned the case for re-examination to the District Court. On 22 January 2021 PGE S.A. together with PGE GiEK S.A. filed a complaint against the verdict to the Supreme Court, requesting that the verdict of the Court of Appeal be reversed in its entirety and the case be returned to the Court of Appeal for re-examination. At a closed session on 27 April 2021, the Supreme Court overturned the appealed verdict. Thus, the case was returned for re-examination by the Court of Appeal. In a verdict of 10 January 2024, the Court of Appeal upheld the claimant's appeal and overturned the appealed verdict of the District Court and referred the case back to that court.

The PGE Group companies do not recognise the claims of Socrates Investment S.A. and Pozwy sp. z o.o. According to PGE S.A., these claims are groundless and the entire consolidation process was conducted in a fair and correct manner. The value of shares in the companies subject to consolidation had been determined by an independent company, i.e. PwC Polska sp. z o.o. Furthermore, the consolidation plan, including the ratio of converting shares in the acquired company into shares in the acquiring company was audited with respect to its correctness and reliability by an expert appointed by the court of registration, and no irregularities were identified. The court subsequently registered the merger of the aforementioned companies.

The PGE Group did not establish any provision for the filed lawsuit.

Issues relating to the request by the Polimex-Mostostal consortium for an increase in remuneration for the construction of the Siechnice CHP plant

On 23 June 2021, a contract for the construction of CHP plant for the company Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. in Siechnice was concluded with a consortium comprising Polimex Mostostal S.A. and Polimex Energetyka sp. z o.o. The current net value of the contractual remuneration is PLN 1,159 million.

Due to the occurrence - in the opinion of the Consortium - of an extraordinary change in economic relations, resulting in an increase in the prices of goods and materials as a consequence of the COVID 19 pandemic and a new phase of the armed aggression of the Russian Federation against Ukraine, the company received from the Consortium requests to increase the amount of the contractual remuneration for the above contract. The Company commissioned external experts to prepare a legal and technical opinion the results of which will form the basis for mediation aimed at resolving the disputes that have arisen concerning the existence of factual and legal grounds and the possible scope of a possible change in the amount of the remuneration. On 15 September 2023, the Parties entered into an agreement for mediation before a permanent mediator at the General Attorney's Office of the Treasury of the Republic of Poland. In November 2023, the first mediation meetings were held. As at the date of publication of these financial statements, the mediation had not been completed. The Consortium estimated its indexation claim at a net amount of PLN 344 million. In the company's opinion, the Consortium - at this point in time - has not demonstrated, in accordance with the distribution of the burden of proof, the factual and legal grounds for the claim.

On 20 and 26 September 2023 - at the Consortium's request - the Regional Court in Wrocław issued a decision on granting security for the Consortium's claim to shape the legal relationship and amend the contract. The value of the subject matter of the security was set by the Court at PLN 344 million.

Pursuant to the wording of the Court's decision on the security, until the court proceedings concerning a change in the amount of the contractual remuneration end with a legally binding verdict, half of the net value of the subject of the security, i.e. the amount of PLN 172 million, will increase the existing value of the payments under the investment obligations indicated in the application and will be invoiced successively in parallel to the works performed by the Consortium. The establishment of the security is not legally binding. The decision was supplemented with an immediate enforceability clause.

On 2 November 2023, the company commenced a formal appeal procedure against the Court's non-final order granting the security, said procedure aimed at challenging the rationale of the granting of the security with respect to both principle and amount. On 9 November 2023, the company sent a request to suspend the enforcement of the aforementioned decision to grant the security.

On 13 December 2023, KOGENERACJA S.A. received the decision of the Regional Court in Wrocław, 10th Commercial Division, dated 1 December 2023, concerning suspension of the enforceability of the decision of 20 September 2023 on granting the security for the claim until the complaint against this decision is resolved. Thus, the request of KOGENERACJA S.A. of 9 November 2023 was granted. The decision to stay the enforcement was supplemented with an immediate enforceability clause.

In these financial statements, no provision was recognised by the PGE Group for the aforementioned claim.

Environmental decision on the Turów Lignite Mine

On 31 May 2023, the Provincial Administrative Court in Warsaw suspended – pending an analysis of the relevant complaint – the enforceability of the environmental decision on lignite mining for the Turów Mine. The environmental decision sets out the conditions for the implementation of the project: "Continuation of the exploitation of the Turów lignite deposit, carried out in the commune of Bogatynia". The complaint against the environmental decision was filed by, among others, the Frank Bold Foundation, Greenpeace and the EKO-UNIA Ecological Association.

On 12 June 2023, PGE GiEK S.A. filed a complaint with the Supreme Administrative Court in Warsaw against the decision concerning the Turów Mine and issued by the Provincial Administrative Court on 31 May 2023. This was the company's response to the Provincial Administrative Court's suspension of the enforceability of the environmental decision issued by the General Directorate of Environmental Protection in September 2022.

On 18 July 2023, the Supreme Administrative Court overturned the decision of the Provincial Administrative Court of 31 May 2023 to suspend the enforceability of the environmental decision concerning the Turów Mine. The complaints filed by the General Directorate of Environmental Protection, PGE GiEK S.A. and the National Public Prosecutor's Office were taken into consideration.

On 31 August 2023, the Provincial Administrative Court suspended the proceedings on the environmental decision issued by the General Directorate of Environmental Protection and concerning the Turów Mine until the formal conclusion of the proceedings relating to the application of PGE GIEK S.A. for amending the environmental decision. At the request of PGE GIEK S.A. to amend the environmental decision, the proceedings ended with a final and legally binding decision to discontinue the proceedings.

On 13 March 2024, the Provincial Administrative Court overruled the decision of the General Directorate of Environmental Protection determining the environmental conditions for further exploitation of the lignite deposit in Turów. As the Court stressed, this did not mean either the closure or suspension of work at the Turów mine. The ruling is not legally binding.

On April 30 2024, PGE GiEK S.A. was delivered a copy of the judgment with justification. The ruling is not final. PGE GiEK S.A. has decided to file a cassation appeal against the above-mentioned judgment to the Supreme Administrative Court.

24. Tax settlements

Tax-related obligations and rights are specified in the Constitution, tax acts, and ratified international agreements. According to the Tax Code, tax is defined as a public law, gratuitous, compulsory and non-refundable cash benefit for the State Treasury, province, district or commune as provided for in the Tax Act. Taking into consideration the subjective criterion, the taxes in force in Poland can be divided into the following five groups: taxes on income, taxes on turnover, taxes on property, taxes on actions, and other fees not elsewhere classified.

From the point of view of business entities, the most important aspect is taxation of income (corporate income tax), taxation of turnover (goods and services tax, excise tax) and taxation of property (property tax, tax on means of transport). One should not forget about other fees and charges which can be classified as quasi taxes. They include, among others, social insurance contributions.

The basic tax rates were as follows: the corporate income tax rate – 19%, for small entrepreneurs the rate of 9% is possible, the basic VAT rate – 23%, reduced VAT rates: 8%, 5%, 0%; in addition, some goods and services are exempt from VAT.

The tax system in Poland is characterised by a high level of changeability and complexity of tax regulations, and high potential penalties for tax crimes or violations. Tax settlements and other activity areas subject to regulations (customs or currency inspections) can undergo inspections conducted by competent authorities entitled to issue fines and penalties together with penalty interest. A competent tax authorities may inspect tax settlements for five years from the end of the calendar year in which the deadline for the payment of tax expires.

Income tax expense

From 1 January 2024, the previously suspended minimum income tax rules will apply. This tax will apply to taxpayers who report a tax loss from a source of revenue other than capital gains or profitability (understood as the share of income from a source of revenue other than from capital gains in revenue other than from capital gains) of less than 2%. It will be possible to determine profitability for a group of related companies, and the Act also provides for a number of subjective and objective exclusions. The tax rate is in principle 0.3% of revenue.

The Polish authorities are also obliged to implement the provisions of Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring the global minimum level of taxation of multinational enterprise groups and large domestic groups in the European Union (so-called Pillar 2) into the Polish legal system. In the event of an effective tax rate of less than 15% in a given jurisdiction, a global or national top-up tax will apply. The rules are to apply from 2025 with an option to opt in for 2024. The Minister of Finance has referred a bill in this regard to consultation.

VAT split payment mechanism, obligation to make payments to accounts notified to tax offices

The Group uses funds received from counterparties in VAT accounts to pay its liabilities that contain VAT. The amount of funds held in these VAT accounts at a given date depends mainly on the number of the PGE Capital Group's counterparties that decide to use this mechanism and on the relation between the payment dates of receivables and payables. As at 31 March 2024, the balance of cash on the VAT accounts was PLN 372 million.

Reporting of tax schemes (MDR)

In 2019, new legal regulations that introduced mandatory reporting of so-called tax schemes (Mandatory Disclosure Rules, MDR) came into force. As a general rule, a tax scheme should be understood as an activity where the achievement of a tax benefit is the main or one of the main benefits. In addition, events with so-called special or other special identifying characteristics defined in the rules are designated as a tax scheme. The reporting obligation is extended to three types of entities: promoters, facilitators and beneficiaries. MDR regulations are complex and imprecise in many areas, which causes doubts with respect to their interpretation and practical application.

Excise tax

As a result of the incorrect implementation of EU regulations into the Polish legal system, in 2009 PGE GiEK S.A. initiated proceedings regarding reimbursement of the improperly paid excise tax for the period from January 2006 to February 2009. The irregularity consisted in the taxation of electricity at the first stage of its sale, i.e. by producers, while it should have been taxed at the time of sales to so-called end users.

Considering the company's complaints concerning the tax authorities' negative decisions in response to the company's claims for restitution, the administrative courts ruled that the company had not borne the economic burden of the incorrectly paid excise tax (which, according to the resolution adopted by the Supreme Administrative Court on June 22, 2011, reference symbol of files I GPS 1/11, excludes the possibility of the recovery of the overpaid excise tax). According to the Supreme Administrative Court, the company's claims, especially those based on economic analyses, were of a compensatory character, and consequently, such claims could be asserted before civil courts only. In view of the above, PGE GiEK S.A. decided to withdraw from the proceedings with respect to the restitution claims. Currently, actions regarding the excise tax overpayment are conducted in civil courts. On 10 January 2020, the Regional Court in Warsaw issued a verdict in the case filed by PGE GiEK against the State Treasury – Minister of Finance. The court dismissed the company's claim. On 3 February 2020 the company filed a complaint against the first instance verdict to the Court of Appeal in Warsaw. A hearing was held on 2 December 2020 and a verdict was announced on 17 December 2020. The Court of Appeal in Warsaw dismissed the appeal of PGE GiEK S.A. On 23 April 2021, PGE GiEK S.A. filed a cassation appeal with the Supreme Court. On 20 May 2021, PGE GiEK S.A. received the response of the General Attorney's Office of the Treasury to the cassation appeal filed by the company.

In view of considerable uncertainty concerning the final decision in the above matter, in these financial statements, the Group does not indicate any consequences of a possible return of the excise tax overpayments to be determined in civil law proceedings.

Property tax

Tax on property constitutes a significant burden on certain PGE Group companies. Regulations concerning property tax are unclear in certain areas and give rise to a variety of interpretations and doubts. Tax authorities, i.e. commune leaders, mayors or city presidents, have often issued inconsistent tax interpretations in similar cases. In such circumstances, the PGE Capital Group companies were and may be parties to court proceedings concerning property tax. If the Group considers that an adjustment of settlements is likely due to such proceedings, it establishes an appropriate provision. Due to the constitutionality of the definition of a building being challenged by the Constitutional Court, a deep revision of the law in this area is planned with effect from 2025. No draft regulations have been published yet.

Uncertainty related to tax settlements

Regulations on value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in a lack of appropriate points of reference, inconsistent interpretations and few established precedents that could be applied. The legislation in force also contains ambiguities that give rise to differences of opinion as to the legal interpretation of tax provisions, between state authorities as well as between state authorities and business enterprises.

Tax settlements and other areas of activity (e.g. customs or foreign exchange issues) may be the subject of inspections by the authorities, which are entitled to impose high penalties and fines, and any additional tax liabilities resulting from an inspection must be paid together with high interest. Consequently, tax risk in Poland is higher than in countries with more stable tax systems.

Amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

Information on the implemented tax strategy

Pursuant to the provisions of the Income Tax Act, the largest companies of the PGE Capital Group publish annually, on their websites, information on their implemented tax strategy for the previous year. This information includes, among others, data on the procedures applied by the taxpayer with regard to the proper fulfilment of tax obligations, the number of reported tax schemes and requests for interpretation, transactions with related parties and restructuring activities.

The Tax Code includes the provisions of the General Anti-Abuse Rule (GAAR). The GAAR is designed to prevent the use of artificial legal structures created for the purpose of avoiding the payment of tax in Poland. The GAAR defines tax avoidance as an act done primarily for the purpose of obtaining a tax advantage which, under given circumstances, is contrary to the object and purpose of the provisions of the Tax Act. Under the GAAR, such an act does not result in achieving a tax benefit if the manner of acting was artificial. Any occurrence of unjustified splitting of operations, involvement of intermediary entities despite the lack of economic or business justification, elements that cancel or compensate each other and other actions with effects similar to those previously mentioned, can be treated as an indication of the existence of artificial acts subject to the GAARs.

The GAAR clause should be applied to transactions carried out after its entry into force and to transactions which were carried out before the effective date of the GAAR clause, but for which benefits were or continue to be obtained after this effective date. The implementation of the aforementioned rules will enable the Polish tax audit authorities to challenge legal arrangements and agreements entered into by taxpayers, such as group restructuring and reorganisation.

The PGE Group recognises and measures current and deferred tax assets or liabilities using the requirements of IAS 12 Income Taxes based on tax profit (loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account an assessment of uncertainties related to tax settlements. When there is uncertainty about whether and to what extent the a authority will accept particular tax settlements of a transaction, the Group recognises these settlements, taking into account an assessment of uncertainty.

25. Information on related entities

Transactions of the PGE Capital Group with related entities are based on market prices of delivered goods, products or services or on their production costs.

25.1 Associates and jointly controlled entities

The total value of transactions and balances with associates and jointly controlled entities is presented in the table below.

	Period ended 31 March 2024	Period ended 31 March 2023
Sales to associates and jointly controlled entities	24	9
Purchases from associates and jointly controlled entities	161	1

	As at 31 March 2024	As at 31 December 2023
Trade receivables from associates and jointly controlled entities	87	97
Trade payables to associates and jointly controlled entities	55	66

The turnover and settlement balances result mainly from transactions with PEC Bogatynia S.A. and Polimex-Mostostal S.A..

25.2 Companies controlled by the State Treasury

The State Treasury is the dominant shareholder in PGE and as a result, in accordance with IAS 24 *Related Party Disclosures*, State Treasury companies are regarded as related entities. The PGE Group companies identify in detail transactions with approximately 40 most important companies controlled by the State Treasury.

The total value of transactions and balances with the above entities is shown in the table below.

	Period ended 31 March 2024	Period ended 31 March 2023
Sales to related entities	1,989	3,403
Purchases from related entities	4,814	4,692

	As at 31 March 2024	As at 31 December 2023
Trade receivables from related parties	749	784
Trade payables to related parties	1,339	1,510

The largest transactions involving state-owned companies concern PSE S.A., Orlen S.A., PKO Bank Polski S.A., PGG S.A., PKP Cargo S.A., PKP PLK S.A., Jastrzębska Spółka Węglowa S.A., Tauron Dystrybucja S.A.

Furthermore, the PGE Capital Group enters into significant transactions in the energy market via Towarowa Giełda Energii S.A. (Polish Power Exchange). Due to the fact that this entity deals only with the organisation of trading, any purchases and sales made through this entity are not recognised as transactions with a related entity.

The data presented above do not include significant transactions with Zarządca Rozliczeń S.A., which include transfers to the Price Difference Payment Fund and compensation settled and paid to eligible entities for the introduction of the maximum price, as defined by the Act of 27 October 2022 on emergency measures to limit the level of electricity prices and support for certain consumers in 2023. The information in question is described in note 26.4.

25.3 Management remuneration

The key management comprises the Management Board and the Supervisory Board of the parent company and significant subsidiaries.

PLN '000	Period ended 31 March 2024	Period ended 31 March 2023
Short-term employee benefits (remuneration and surcharges)	11,110	10,552
Post-employment benefits	3,868	-
TOTAL REMUNERATION OF KEY MANAGEMENT PERSONNEL	**14,978**	**10,552**
Remuneration of key management personnel in companies conducting non-core activities	4,801	5,720
TOTAL MANAGEMENT REMUNERATION	**19,779**	**16,272**

PLN '000	Period ended 31 March 2024	Period ended 31 March 2023
Management Board of the parent company	2,574	2,646
including post-employment benefits	*1,004*	-
Supervisory Board of the parent company	255	176
Management Boards – subsidiaries	10,599	6,735
including post-employment benefits	*2,864*	-
Supervisory Boards – subsidiaries	1,550	995
TOTAL	**14,978**	**10,552**
Remuneration of key management personnel in companies conducting non-core activities	4,801	5,720
TOTAL MANAGEMENT REMUNERATION	**19,779**	**16,272**

The PGE Capital Group companies (indirect and direct subsidiaries) follow the principle according to which members of the Management Board are employed on the basis of management services contracts. The increase in the remuneration of the Management Boards of subsidiaries is due to the recognition of post-employment benefits in the current period. The above remuneration is included in other costs by nature disclosed in note 6.2 Costs by nature and function.

26. Significant events during and after the reporting period

26.1 Impact of the war on the territory of Ukraine on the activity of the PGE Group

The war on the Ukrainian territory may affect the PGE Capital Group's operations and future financial performance. There were no significant changes in the issues reported compared to the latest published financial statements. In particular, the recoverable amount of selected asset items, the level of expected credit losses and the valuation of financial instruments may have to be assessed/changed. The PGE Group monitors the course of the war, the macroeconomic consequences and the market implications on an ongoing basis. Any events that occur will be reflected accordingly in the Group's future financial statements.

26.2 Implementation by PGE Paliwa sp. z o.o. of decisions related to the purchase and sale of coal

In the years 2022-2024, PGE Paliwa sp. z o.o. was implementing the Prime Minister's decisions, issued in mid-2022, instructing PGE Paliwa sp. z o. o. to purchase at least 3 million tonnes of thermal coal with parameters close to the quality parameters of coal used by households and to import it into the country. Due to a significant decline in market coal prices in 2023 and continued low coal prices in the first quarter of 2024, PGE Paliwa sp. z o.o. realised a negative result on the sale of coal purchased to implement the Decision and unsold by 30 April 2023.

The total result on the sale of this coal, together with other costs incurred in order to implement the Decision, recognized in the financial results in the first quarter of 2024, amounted to PLN (-) 22 million. Coal sold in the first quarter of 2024 as at 31 December 2023 was subjected to an impairment loss in the amount of PLN 239 million. The impairment loss was partially used and as at 31 March 2024 the value of the impairment loss amounted to PLN 95 million.

The Agreement signed in 2023 with the Ministry of Climate and Environment for financing the implementation of the Prime Minister's Decision provides for the reimbursement of costs incurred in connection with the implementation of the Decision. A report on the implementation of the Decision as at 30 April 2023, as required by the provisions of the agreement, was submitted on time by PGE Paliwa sp. z o.o. to the Ministry of Climate and Environment. The Company plans to file an update to the report, in accordance with the deadlines set out in the Agreement.

In 2023, revenue of PLN 849 million was recognised under the Agreement. This revenue consisted of PLN 406 million received in 2023 and an estimate of the remaining compensation of PLN 443 million. In the first quarter of 2024, the estimate was increased to PLN 465 million and an amount of PLN 22 million was recognised in the results of the current period. The inflow of the remaining compensation is expected to occur at the end of the third and beginning of the fourth quarter of this year.

26.3 The coal assets spin-off project

Benefits from the sale of coal assets

The divestment of conventional power generation activities based on coal combustion results from the PGE Capital Group's strategy published on 19 October 2020, which provides for the achievement of climate neutrality by 2050. The separation of coal assets will bring tangible benefits to the Group in the following areas, among others:
- greater and more favourable access to debt and equity financing sources, lower financing costs;
- greater and more favourable access to the insurance market;
- lower cash requirements for hedging the costs of CO2 emissions and inventories of production raw materials;
- release of credit limits at financing institutions as a result of reduced demand for EUA allowances;
- increased opportunities to use financial resources for investments in distribution networks and green technologies, with higher rates of return;
- reduced risk of changes in prices of CO_2 emission allowances.

All of the above , in the opinion of the Management Board, will make the Company more attractive to shareholders.

Activities related to the spin-off of coal assets

On 23 July 2021, PGE S.A, ENEA S.A., TAURON Polska Energia S.A. and ENERGA S.A. entered into an agreement with the State Treasury concerning cooperation in the process of separation of coal power assets and their integration into the National Energy Security Agency.

On 14 July 2023, PGE S.A. received, from the State Treasury, represented by the Minister of State Assets, a proposal for a non-binding document summarising the terms of the transaction for the acquisition by the State Treasury of all shares in PGE GiEK S.A. On 10 August 2023, PGE S.A. and the Minister of State Assets signed a document summarising the key terms of a transaction for the acquisition by the State Treasury of shares in PGE GiEK S.A. for the purpose of spinning off coal assets.

The implementation of the transaction for the sale of PGE GiEK S.A. to the State Treasury was subject to the fulfilment of a number of conditions precedent. As at the date of these financial statements, the above conditions precedent had not been met, thus it should be assumed that the transaction under the terms of the proposal of 14 July 2023 will not take place. In addition, in February 2024, the Council of Ministers withdrew from the Parliament a draft law on the principles of guaranteeing the National Energy Security Agency's liabilities by the State Treasury.

According to statements by government institutions, the process of spinning off coal assets will continue. On 9 May 2024, a team was set up by order of the Minister of State Assets with a view to spinning off coal assets from energy sector enterprises in which the State Treasury holds shares.

The team's tasks include:
- analysis of the conditions for a spin-off of coal assets from state-owned companies in the energy sector;
- cooperation with state-owned companies in the energy sector to develop guidelines, directions and methods for conducting the spin-off process;
- development of recommendations for necessary or recommended legislative changes aimed at the execution of the planned spin-off;
- identification of the circle of entities responsible for the execution of the spin-off and the distribution of tasks among these entities.

The target shape and timetable of the process depends on the results of the above team's work and the government's decisions.

Recognition of assets related to PGE GiEK S.A. in the financial statements

In the opinion of the PGE Capital Group, as at the reporting date, the conditions of IFRS 5 concerning operations held for sale regarding assets and liabilities as well as revenue and expenses for the described coal-fired units are not met.

Consequently, as at 31 March 2024, assets related to PGE GiEK S.A. are not reclassified to discontinued operations. PGE S.A. also did not make adjustments bringing the value of assets related to PGE GiEK S.A. to the values required by IFRS 5. The values of assets, liabilities, revenue, costs and results of the Conventional Power Generation segment, showing the data for PGE GiEK S.A. and its subsidiaries, are presented in note 5.1 to these financial statements.

The book value of the consolidated net assets of PGE GiEK S.A. and its subsidiaries was PLN 979 million on 31 March 2024. The book value of PGE GiEK S.A. shares in the separate financial statements was PLN 0 as at 31 March 2024.

26.4 Regulatory changes

Support mechanisms for electricity consumers

Due to the crisis situation in the electricity market, the legislator has decided to introduce regulations that temporarily introduce exceptional solutions for electricity prices and electricity tariffs in 2023. On 18 October 2022, the Act on special solutions to protect electricity consumers in 2023 in connection with the situation on the electricity market of 7 October 2022 (hereinafter the "Households Act") entered into force and on 4 November 2022, the Act on emergency measures to reduce electricity prices and support certain consumers in 2023 of 27 October 2022 (hereinafter the "Extraordinary Measures Act 2023") entered into force. According to the Households Act, in 2023, a power company carrying out the business of electricity trading was obliged to apply, with respect to household customers, prices equal to those contained in the tariff in force on 1 January 2022 for individual tariff groups up to specified consumption limits. On the other hand, once the Act Amending the Household Act of 16 August 2023 entered into force, the consumption limits for each category of customers were increased by an additional 1MWh. Once the consumption limits dedicated to household customers have been exceeded, a maximum price of 693 PLN/MWh (price excluding VAT and excise duty) will be used for settlements with household customers in accordance with the Extraordinary Measures in 2023 Act. This means that electricity prices have been established in legal regulations and, therefore, in 2023, tariffs approved by the President of the ERO did not directly affect electricity prices for households.

In addition, under the Extraordinary Measures Act, in 2023, the maximum electricity price for other eligible customers has been set at PLN 785/MWh (price excluding VAT and excise duty). After the Act Amending the Household Act of 16 August 2023 entered into force, the maximum price was, as for households, PLN 693 per MWh. This price, in principle, applied from 1 December 2022, but it will apply in a different amount from 1 October 2023 to 31 December 2023. The indicated limit of the maximum price for eligible customers also applied to electricity sales agreements that were concluded or amended after 23 February 2022 and where the maximum price also applied to settlements for the period from the date of conclusion or amendment of such agreements until 30 November 2022. Power companies have been obliged to successively reimburse the amounts resulting from the application of the maximum prices until the end of 2023.

Power companies engaged in the business of electricity trading, in accordance with the implemented regulations, were entitled to compensation for the application of electricity prices in settlements with household customers in the same amount as on 1 January 2022. Such compensation was the product of electricity consumed at the electricity connection point, up to the maximum consumption limits entitling consumers to pay the 2022 prices, and the difference between the electricity price resulting from the electricity tariff approved by the President of URE for 2023 and the electricity prices approved in the 2022 tariff. In turn, for the application of the maximum price of PLN 693/MWh in settlements with household customers, trading companies were entitled to compensation in the amount of the product of the amount of electricity consumed in a given month and the difference between the reference price and the maximum price, for each electricity connection point. The reference price was the price of electricity resulting from the electricity tariff approved by the President of URE for 2023. Compensation is also due for the use of maximum prices in settlements with other eligible entities. In this case, as a rule, the reference price for the payment of compensation was calculated on the basis of the prices of electricity in power exchange contracts and the prices of electricity purchased for sale to eligible customers, plus the cost of redemption of certificates of origin and a margin.

The mechanisms introduced in the Household Act and the Extraordinary Measures in Act 2023 should, in principle, compensate trading companies for the price reduction.

In accordance with the provisions of the Act of 7 December 2023 on amending laws to support consumers of electricity, gaseous fuels and heat, which came into force on 31 December 2023 (the Act for 2024), the mechanisms for freezing tariff prices and the maximum price were extended until 30 June 2024.

On 23 May 2024, a draft act on temporary price caps for electricity, natural gas and district heat and on energy vouchers was accepted by the Parliament and submitted for signature the President of the Republic of Poland. The document aims to regulate electricity prices from 1 July 2024 to 31 December 2024. The draft imposes an obligation on electricity traders in the form of submitting an application to change the existing tariff for 2024 within seven days of the entry into force of the corresponding Act or at the request of the President of ERO. The revised tariff, according to the draft law, is to apply from 1 July 2024 to 31 December 2025. The draft also provides for an extension of the period for the functioning of the maximum electricity price mechanism. This price will apply in the second half of 2024 and has been set at PLN 500/MWh for household consumers, and at PLN 693/MWh for local government units and public institutions (including schools, hospitals, social welfare units), as well as micro, small and medium-sized entrepreneurs.

Electricity customers who have concluded contracts for the sale of electricity with a dynamic price have been excluded from the possibility of taking advantage of the maximum price. If the tariff approved by the ERO President is higher than the maximum price for households, household customers will be billed according to the maximum price of PLN 500/MWh. By virtue of the application of a maximum price in settlements with customers, trading companies will be entitled to compensation amounting to the difference between the tariff price in force from 1 July 2024 and the maximum price.

In the first quarter of 2024, compensation revenue amounted to PLN 1,289 million. The amounts of compensation received by the sales companies were intended to compensate for the losses these entities suffered due to the price freeze.

The above values concerning due compensation are estimates determined in accordance with the best knowledge available to the PGE Capital Group as at the date of the preparation of these financial statements.

Price Difference Payment Fund

After 1 December 2022, the financial position of the PGE Group was also affected by the provisions of the Extraordinary Measures Act 2023, which introduced the obligation for electricity generators and electricity trading companies to make monthly contributions to the account of the Price Difference Payment Fund. A contribution to the Fund is the product of the volume of electricity sold and the positive difference between the volume-weighted average market price of electricity sold and the volume-weighted average price cap of electricity sold, as specified in the Regulation of the Council of Ministers of 8 November 2022 on the manner of calculating the price limit.

A different method of calculating the price limit has been defined for individual generation sources:
- in the case of lignite- and coal-fired power generation units, the price limit takes into account, among other things, the unit cost of fuel consumed, the cost of CO_2 emission allowances, the efficiency of power generation units, the margin and a certain level of investment and fixed cost allowance of PLN 50/MWh,
- for units producing energy from renewable sources, the price limit was determined by reference to the reference price indicated in Article 77(3)(1) of the Renewable Energy Sources Act, whereby for hydroelectric power plants the price limit will be 40% of this reference price.

For electricity trading companies, on the other hand:

• for energy sold to end-users, the price limit is the product of the volume-weighted average price of electricity purchased on a given day and a margin defined as 1.035 or 1.03 (plus the unit cost of redemption of certificates of origin),
- for energy sold to customers other than final consumers, the price limit was the product of the volume-weighted average price of energy purchased on a given day and the margin defined as 1.015 or 1.01.

From 1 January 2023 onwards, trading companies calculate the amount of the contribution to the Fund for a given calendar month to which the settlement relates, taking into account the volume of electricity sales, the market price and the price limit for the 3 decades of that month, i.e. from the 1st to the 10th, from the 11th to the 20th and from the 21st to the last day of a month. Until 31 December 2022, the contribution to the Fund was calculated separately for each day of the month.

On 1 March and 1 September 2023, amendments to the provisions of the Extraordinary Measures in 2023 Act governing the rules of making contributions to the Fund came into force.

The amendment concerned, among other things, the extension of the catalogue of revenue items that constitute the basis for calculating the contribution to the Fund. As a result, the amount of contributions transferred by the PGE Capital Group increased.

In connection with doubts concerning the interpretation of the provisions and the qualification of revenue from additional cash settlements, which should be taken into account in the calculation of contributions to the Fund, PGE S.A. applied to the President of the Energy Regulatory Office for an individual interpretation confirming the applied interpretation of the Act, as a result of which revenue from selected agreements should not be taken into account in the calculation of contributions to the Fund. The President of the ERO did not share the Company’s position. PGE S.A., disagreeing with the adverse decision of the President of the ERO, appealed against it to the Regional Court in Warsaw.

In 2023, the contribution due to the Fund amounted to PLN 6,569 million (decrease in the financial result). In turn, compensation income for 2023 amounted to PLN 7.658 million. Revenue from compensation is independent of the amount of contributions to the Fund. As described above, the amounts of compensation received by the sales companies were intended to compensate for the losses these entities suffered due to the price freeze. The contributions to the Fund, on the other hand, limited the margins realised by individual energy companies to the specific levels indicated in the regulations.

The system of contributions to the Fund for the 2023 settlement periods will not be closed before 31 December 2023. Contributions to the Fund must also be made in 2024 for sales effected in the last weeks of 2023. In the Act for 2024, the legislator did not decide to extend the obligation to make contributions to the Fund to 2024, which means that the last month for which a contribution to the Fund should have been paid was December 2023. In the first quarter of 2024, an adjustment to the contribution to the Fund for the previous period in the amount of PLN 5 million was recognised as a reduction of costs.

Regulation of the Minister of Climate and Environment of 9 September 2023

On 11 September 2023, the Regulation of the Minister of Climate and Environment of 9 September 2023, amending the Regulation on the manner of shaping and calculating tariffs and the manner of settlements in electricity trading, was published and came into force on 19 September 2023. This regulation reduced electricity bills for household consumers by an average of more than PLN 125 in 2023, provided that one of the listed conditions is met. Power utilities conducting business activities related to electricity trading were obliged to make the reduction at the latest in the last electricity invoice in 2023. No compensation has so far been granted to trading companies for this reduction due to the lack of legislation that would provide a basis for it.

On 31 December 2023, taking into account the number of recipients who met at least one of the conditions set out in the regulation, revenue was reduced by PLN 535 million (of which PLN 230 million is an estimate) As at 31 March 2024, an amount of about PLN 88 million remains to be paid out to customers out of the PLN 230 million estimate at the end of the reporting period.

II. QUARTERLY FINANCIAL INFORMATION OF PGE POLSKA GRUPA ENERGETYCZNA S.A. FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2024 IN ACCORDANCE WITH EU-IFRS

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Period ended 31 March 2024 *(unaudited)*	Period ended 31 March 2023 *(unaudited)*
SALES REVENUE	**17,514**	**21,703**
Cost of goods sold	(17,029)	(21,015)
GROSS PROFIT ON SALES	**485**	**688**
Distribution and selling expenses	(3)	(3)
General and administrative expenses	(78)	(82)
Other operating income/(expenses)	32	(5)
OPERATING PROFIT	**436**	**598**
Finance income/(costs), including:	326	275
Interest income calculated using the effective interest rate method	*544*	*446*
GROSS PROFIT	**762**	**873**
Income tax expense	(143)	(169)
NET PROFIT FOR REPORTING PERIOD	**619**	**704**
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss in the future:		
Valuations of hedging instruments	26	(121)
Deferred tax	(5)	23
OTHER COMPREHENSIVE INCOME FOR THE REPORTING PERIOD, NET	**21**	**(98)**
TOTAL COMPREHENSIVE INCOME	**640**	**606**
NET PROFIT AND DILUTED NET PROFIT PER SHARE (IN PLN)	**0.28**	**0.31**

SEPARATE STATEMENT OF FINANCIAL POSITION

	As at 31 March 2024 *(unaudited)*	As at 31 December 2023 *(audited)*
NON-CURRENT ASSETS		
Property, plant and equipment	145	147
Intangible assets	2	2
Right to use assets	22	22
Financial receivables	3,757	3,562
Derivatives and other assets measured at fair value through profit or loss	282	236
Shares and interests in subsidiaries	22,111	21,711
Shares and interests in associates, as well as jointly controlled and other entities	99	99
Other non-current assets	4	4
	26,422	**25,783**
CURRENT ASSETS		
Inventories	1	1
Trade and other receivables	34,613	30,276
Derivative instruments	1,844	2,120
Shares and interests in subsidiaries	-	-
Other current assets	24	155
Cash and cash equivalents	2,119	1,742
	38,601	**34,294**
TOTAL ASSETS	**65,023**	**60,077**
EQUITY		
Share capital	19,184	19,184
Supplementary capital	28,146	28,146
Hedging reserve	186	165
Retained earnings	(5,315)	(5,934)
	42,201	**41,561**
NON-CURRENT LIABILITIES		
Non-current provisions	63	62
Credits, loans, bonds and leases	8,161	8,168
Deferred income tax liability	122	59
Other liabilities	3	7
	8,349	**8,296**
CURRENT LIABILITIES		
Current provisions	43	43
Credits, loans, bonds, cash pooling and leases	9,101	5,513
Derivative instruments	1,561	1,739
Trade and other payables	2,565	1,793
Income tax liabilities	41	92
Other non-financial liabilities	1,162	1,040
	14,473	**10,220**
TOTAL LIABILITIES	**22,822**	**18,516**
TOTAL EQUITY AND LIABILITIES	**65,023**	**60,077**

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Hedging reserve	Retained earnings	Total equity
As at 1 January 2024	**19,184**	**28,146**	**165**	**(5,934)**	**41,561**
Net profit for the reporting period	-	-	-	619	**619**
Other comprehensive income	-	-	21	-	**21**
COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**21**	**619**	**640**
As at 31 March 2024	**19,184**	**28,146**	**186**	**(5,315)**	**42,201**

	Share capital	Supplementary capital	Hedging reserve	Retained earnings	Total equity
As at 1 January 2023	**19,184**	**25,049**	**402**	**3,101**	**47,736**
Net profit for the reporting period	-	-	-	704	**704**
Other comprehensive income	-	-	(98)	-	**(98)**
COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**(98)**	**704**	**606**
As at 31 March 2023	**19,184**	**25,049**	**304**	**3,805**	**48,342**

SEPARATE STATEMENT OF CASH FLOWS

	Period ended 31 March 2024 *(unaudited)*	Period ended 31 March 2023 *(unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross profit	**762**	**873**
Income tax paid	(136)	(154)
Adjustments for:		
Depreciation and write-downs	3	3
Interest and dividend, net	(341)	(92)
(Profit) / loss on investing activities	120	1,434
Change in receivables	(7,531)	(2,456)
Change in inventories	-	(5,580)
Change in provisions	2	-
Change in liabilities, excluding loans and credits	897	612
Change in other non-financial assets	131	(110)
NET CASH FROM OPERATING ACTIVITIES	**(6,093)**	**(5,470)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(10)	-
Disposal of other financial assets	-	5
Acquisition of shares and interests in subsidiaries	(411)	(124)
Granting/(repayment) of loans under cash pooling service	844	(3,413)
Loans granted	(2,064)	(4,730)
Interest received	156	332
Repayment of loans granted	5,157	4,054
Other	11	**-**
NET CASH FROM INVESTING ACTIVITIES	**3,683**	**(3,876)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from acquired loans, credits	4,650	5,932
Repayment of credits, loans and leases	(1,662)	(726)
Interest paid	(201)	(172)
NET CASH FROM FINANCING ACTIVITIES	**2,787**	**5,034**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**377**	**(4,312)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,742**	**10,593**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,119**	**6,281**

1. Changes in accounting principles and data presentation

The Company did not make any changes to its accounting policies or data presentation in the current period.

New standards and interpretations that became effective on 1 January 2024, which had no impact on the Company's separate financial statements, are described in note 3 to the consolidated financial statements.

III. APPROVAL OF THE QUARTERLY FINANCIAL STATEMENTS

This financial report containing the interim consolidated financial statements of the PGE Group and quarterly financial information of PGE S.A. for the period of 3 months ended 31 March 2024 was approved for release by the Management Board of the parent company on 27 May 2024.

Warsaw, 27 May 2024

Signatures of the Members of the Management Board of PGE Polska Grupa Energetyczna S.A.

President of the Management Board	**Dariusz Marzec**	
Vice President of the Management Board	**Robert Kowalski**	
Vice President of the Management Board	**Marcin Laskowski**	

Signature of the person responsible for the preparation of the financial statements	Michał Skiba Director of the Reporting and Taxation Department	

GLOSSARY OF TERMS AND ABBREVIATIONS

The following is a list of the terms and abbreviations most frequently used in these consolidated financial statements

Abbreviation	Full name
BAT	Best Available Technology
CCIRS	Cross Currency Interest Rate Swaps
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ENESTA	ENESTA sp. z o.o under restructuring
EUA	European Union Allowances
EWB1, EW Baltica 1 sp. z o.o.	Elektrownia Wiatrowa Baltica – 1 sp. z o.o.
EWB2, EW Baltica 2 sp. z o.o.	Elektrownia Wiatrowa Baltica – 2 sp. z o.o o
EWB3, EW Baltica 3 sp. z o.o.	Elektrownia Wiatrowa Baltica – 3 sp. z o.o o
PDP Fund, PDPF	Price Difference Payment Fund
GDOŚ	General Directorate of Environmental Protection
PGE Capital Group, PGE Group, Group, PGE CG	The Capital Group of PGE Polska Grupa Energetyczna S.A.
WCCH	Warsaw Commodity Clearing House
IRS	Interest Rate Swaps
PPA	Power Purchase Agreements
MFW Baltica 2	Offshore Wind Farm Baltica 2
IFRS	International Financial Reporting Standards
EU IFRS	International Financial Reporting Standards as adopted by the European Union
NEPWMF	National Environmental Protection and Water Management Fund
IP	Investment property
SAC	Supreme Administrative Court
RTUA	Rights to use assets
PEC Bogatynia, PEC Bogatynia S.A.	Przedsiębiorstwo Energetyki Cieplnej S.A. in Bogatynia
PGE S.A., PGE; Company, parent company	PGE Polska Grupa Energetyczna S.A.
PGE EC S.A.	PGE Energia Ciepła S.A.
PGE EKH S.A.	PGE Energetyka Kolejowa Holding sp. z o.o.
PGE EO S.A.	PGE Energia Odnawialna S.A.
PGE GiEK S.A.	PGE Górnictwo i Energetyka Konwencjonalna S.A.
PPE	Property, plant and equipment
Financial statements, consolidated financial statements	Consolidated financial statements of the PGE Capital Group
ERO	Energy Regulatory Office
The Households Act	The Act on special solutions to protect electricity consumers in 2023 in connection with the situation on the electricity market of 7 October 2022 (Journal of Laws 2023.269 of 9 February 2023)
The Extraordinary Measures in 2023 Act	The Act on extraordinary measures to reduce electricity prices and support certain consumers in 2023 of 27 October 2022 (Journal of Laws 2022.2243 of 3 November 2022)
Electricity Pricing Act	The Act amending the Act on excise tax and certain other acts
PEPWMF	Provincial Environmental Protection and Water Management Fund
IA	Intangible assets
PAC	Provincial Administrative Court
ZEW Kogeneracja S.A., KOGENERACJA S.A., KOGENERACJA	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.